THE AMERICAN COLLEGE
STATE FARM®
CENTER FOR WOMEN &
FINANCIAL SERVICES

The Financial Needs and Attitudes of Women of Color

Insights from a Landmark Study by The State Farm® Center for Women and Financial Services at The American College of Financial Services

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Download an electronic copy of this report at **WomensCenter.TheAmericanCollege.edu/FinancialNeeds**.

Acknowledgements

About The American College and The State Farm® Center for Women and Financial Services

The American College of Financial Services is the nation's largest non-profit educational institution devoted to the study of personal finance. Holding the highest level of academic accreditation, The College has served as a valued business partner to banks, brokerage firms, insurance companies and others for over 85 years. The College's faculty represents many of the financial services industry's foremost thought leaders. For more information, visit TheAmericanCollege.edu.

In 2007, State Farm® endowed a Chair in Women and Financial Services at The College. This faculty appointment was the first and only academic chair in the country devoted exclusively to the study of women and their financial concerns. State Farm Insurance® made another generous donation to The College, enabling the creation of a new Center for Women and Financial Services in 2011. As the first academic center of its kind, this focal point of research, education and knowledge serves as the nation's leading authority on the economic issues and opportunities affecting American women, both as consumers and providers of financial products and services. Through leading edge research, financial education and awareness building, the Center's mission is to promote the advancement of women in the financial services industry and to advocate for the economic security of American women.

About the Authors

Professor Mary Quist-Newins, ChFC®, CLU®, CFP® has the distinction of being the Director of the State Farm Center for Women and Financial Services and holding the research chair. During her twenty-year career in financial services, Ms. Quist-Newins has achieved success as both a field producer and a corporate leader. *Treasury & Risk* recognized her significant contributions to the financial services industry by naming her to the magazine's elite list of "25 Outstanding Leaders in Finance Who Happen to be Women" in November 2008. In 2010, Quist-Newins authored the comprehensive academic textbook, *Women and Money, Matters of Trust* and in 2011, she was honored as the Women in Insurance and Financial Services (WIFS) 2011 Woman of the Year for her commitment to increasing awareness of the financial services issues affecting women.

In addition to holding a Master's in Business Administration from the Garvin School of International Management, Professor Quist-Newins has earned the prestigious Chartered Life Underwriter®, Chartered Financial Consultant® and Certified Financial Planner® advanced designations. She received her BA from the University of Washington.

Lisa Schneider, Research Director for Greenwald & Associates, has been conducting research regarding the financial services industry for nearly 10 years, and has managed a number of high profile studies designed for public release for some of the nation's leading insurance and investment companies. Lisa has designed studies, questionnaires and written reports on topics ranging from agent feedback on term life features to young consumers' desire to use social media to engage with investment companies and retirement plan providers. Lisa is also a trained focus group moderator and one of Greenwald's top executive interviewers, having conducted hundreds of interviews with financial advisors, insurance agents, benefits brokers, HR decision-makers, industry thought leaders, and consumers. Greenwald implemented this study on behalf of The State Farm® Center for Women and Financial Services at The College. For more information about Mathew Greenwald & Associates, call (202) 686-0300 or visit www.greenwaldresearch.com.

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Background

Study Purpose

American women of color are emerging as a dominant economic, social and political force. They are starting new businesses, acquiring sophisticated competencies through education, moving up in the work place and growing their purchasing power at unprecedented levels. Their impact on the political landscape is increasingly recognized as a key influencer in the outcome of elections. In short, they are a force to be reckoned with as they continue to grow in affluence and influence. Yet, despite their rapidly growing prominence, little is known about their finances.

The purpose of the study is to explore their needs, behaviors, aspirations, and attitudes toward financial institutions, advisors and products. Respondents were asked about:

- Financial goals and challenges
- Financial behavior and planning efforts
- Product ownership and the perceived sufficiency of insurance coverage
- Comfort with financial management and satisfaction with current financial situation
- Perceptions and use of different types of financial companies and financial professionals
- Characteristics that are important when seeking a financial company or professional to work with, including the ability to work with someone who is of the same ethnic/racial group, age, or the same gender

Research Methodology

This survey was conducted by independent market research firm Mathew Greenwald & Associates, Inc. on behalf of The American College's State Farm Center for Women and Financial Services. Responses were gathered through an online survey with a total of 3,000 women, including 2,250 interviews with Asian, Hispanic and African American women, plus a comparison group representative of 750 women in the general public.

All of the participants selected were ages 25 to 75 with household income of at least $45,000. Interviewing took place September 4 to 19, 2012. The data was weighted by age and education to reflect the total population of women ages 25 to 75 with household income of at least $45,000. General population and minority women were weighted separately. If this study were a random survey of 750 women, it would have a margin of error (at the 95 percent confidence level) of plus or minus 3.7 percentage points.

Summary of Key Findings

Across racial and ethnic backgrounds, most women do not feel very financially secure.

The pressure to pay off debt and the challenge of meeting their family's needs prevent many women of color from saving and building cash reserves. Reducing or eliminating debt remains a top priority for three-quarters of women of all racial and ethnic backgrounds. A further challenge is that 64 percent of women say their financial progress has been impeded by meeting their family's more pressing needs. These stresses, along with inadequate insurance protection significantly jeopardize the financial wellbeing of most women, regardless of ethnicity.

On the whole, women express a greater concern about a global economic meltdown than they do about far more likely events that threaten their financial security, like becoming disabled.

About one in four women are very/extremely concerned about the collapse of financial markets worldwide. In contrast, fewer than one in three share the same levels of concern about suffering a disability; their family's finances should they die prematurely; or getting into a serious car accident.

Women understand the importance of saving, and many say they have an emergency fund or cash reserve.

Virtually all women surveyed (95 percent) report the need to build cash reserves and an emergency fund. A substantial minority, more than a third, report having less than $50,000 in savings or investments, excluding the value of their home. Worse still, most have not calculated what they need to set aside in a prudent reserve fund or set up a plan to create one.

Large majorities of women worry about running out of money in retirement.

Hispanic and Asian women are more concerned than others about outliving their asset and income sources in retirement. Hispanic women are especially likely to say they plan to work, while Asian and African American women are more inclined to say they plan to start a business in retirement.

Roughly three in four women of color surveyed say they have a defined contribution retirement savings plan, about nine in ten of which say they are currently contributing. Outside of the workplace, there are indications that many women have not effectively used financial products to prepare for their retirement. Notably more than among Hispanic and African American women, about half of Asian women and women in the general population own an IRA.

Roughly six in ten women say they are saving for retirement because they do not want to burden their children.

More so than other groups, two-thirds of Asian women agree that they save so that they will not have to burden their children. Asian women were also among the most likely to say they are very concerned about who will take care of them when they are elderly.

About half of Asian women and a slightly greater share of African American women agree that taking care of an older relative at home is an important responsibility. Across the board, just over a third of women expect to be a primary caregiver for an elderly relative. More affluent Hispanic women (43 percent) are among the most likely to report that they either have or will assume this responsibility. Despite higher expectations of becoming a caregiver and not wanting to burden their family should they require assistance, just one in eight women report having long-term care coverage, with the incidence of ownership being lowest (roughly one in ten) among Hispanic females.

College education is a broadly shared financial imperative.

Study findings reveal that saving for college is a high priority and an important value for the great majority of all women. Asians and African Americans are among the most inclined to agree that higher education is an important value in their family, though they have different perspectives on paying for their children's education. Even among the more affluent, just eight percent of African American women plan to pay for the entirety of their child's college education, compared to roughly three in ten Asian women and two in ten Hispanic women.

Relatively few women are speaking with financial advisors about ways to achieve their goals, and few have set a clear plan for achieving their top priorities.

Women of color are more likely to believe that they cannot afford to work with an advisor than those in the general population, but majorities of all women believe that doing so could help them achieve their financial goals. Of little surprise, use of an advisor is correlated with income. However, even among affluent females (women with incomes of $75,000 or greater), Hispanic, Asian and African American women are less likely than others to report having a financial advisor.

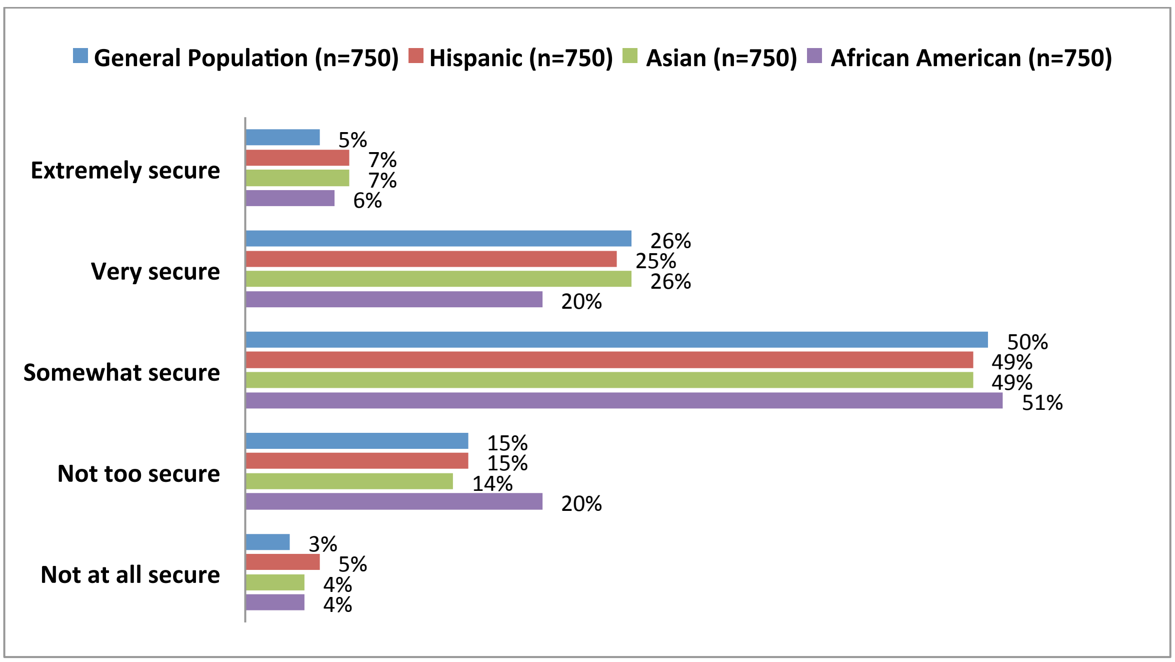
Detailed Findings

Financial Insecurity

Most women report that they do not feel very financially secure. Across all ethnic groups, fewer than one in three indicate strong agreement when asked, *"In general, how secure do you feel in your current financial situation?"* Nearly half of women in the study say they felt "*somewhat secure.*" These findings suggest a broadly shared uneasiness about economic wellbeing.

While African American women report feeling the least financially secure, they are also the most hopeful about the future. Only 18 percent of African American women with incomes of $45,000 to under $75,000 feel *extremely* or *very* secure, significantly less than the average American women in the general population, who are predominantly Caucasian (26 percent) or Asian women (28 percent) with the same income. Yet, 74 percent of African American women expect a brighter financial future as compared with 56 percent of women in the general population, 48 percent of women in the Asian population, and 62 percent of women in the Hispanic population.

Figure 1. ***Q: In general, how secure do you feel in your current financial situation?***



While not surprising, there is a strikingly strong correlation to feeling financially secure and the presence of cash reserves. Across all ethnic groups, women who cite having these reserves in place are about four to five times more likely to say they feel very/extremely financially secure than those without an emergency fund. Among the general population, 43.7 percent of respondents with reserves indicate high levels of financial security, versus just 8.9 percent of those without reserves having the same confidence.

Top Financial Priorities

What are the financial issues most important to women of color? To determine their economic priorities, respondents are asked to rank the importance of a wide range of financial issues. In descending order of priority, the following findings shed light on what keeps many up at night (detailed findings are illustrated in Figure 2 below):

1. *Debt:* The need to reduce debt trumps other financial goals, including saving in general and for retirement. Overall, three-quarters of women say reducing or eliminating debt is a high priority, and this is most often named the *top* priority by women of all racial or ethnic backgrounds.

    - African American women (83 percent) are more likely than Hispanic (78 percent) and Asian women (70 percent) to call dealing with debt a *high priority*.
    - The proportion of African American women citing this as a priority is high, even among those with incomes of $75,000 or more (85 percent).
    - Asian women (70 percent) are less likely than all others to identify debt reduction as a high priority financial goal.

2. *Retirement:* Following closely after debt reduction, nearly three in four women say investing for retirement is a high financial priority.

    - Hispanic (67 percent) and Asian women (68 percent) are less likely than women in the general population (predominantly Caucasian, 73 percent) and African American women (74 percent) to place an emphasis on retirement savings.
    - Among Hispanics, a higher percentage of those with incomes of at least $75,000 identify retirement savings as a top goal (74 percent vs. 58 percent with lower incomes).
    - Among Asian women, however, even those with higher incomes are less likely to prioritize accumulating assets for retirement.
    - All women who work with a financial advisor are significantly more likely to say saving for retirement is a *high* priority than those without professional assistance.

3. *Cash Reserves:* A majority of women report that they are focused on saving for an emergency and growing their cash reserves.

    - More so than women overall, African American (79 percent) and Hispanic (75 percent) women say that one of their high priority goals is simply to build up their general cash reserves. These differences are evident regardless of income level.

4. *Protection Planning:* Few view adequate insurance coverage as their top priority, but about six in ten women agree that having enough insurance to protect what is important to them and their family is a priority.

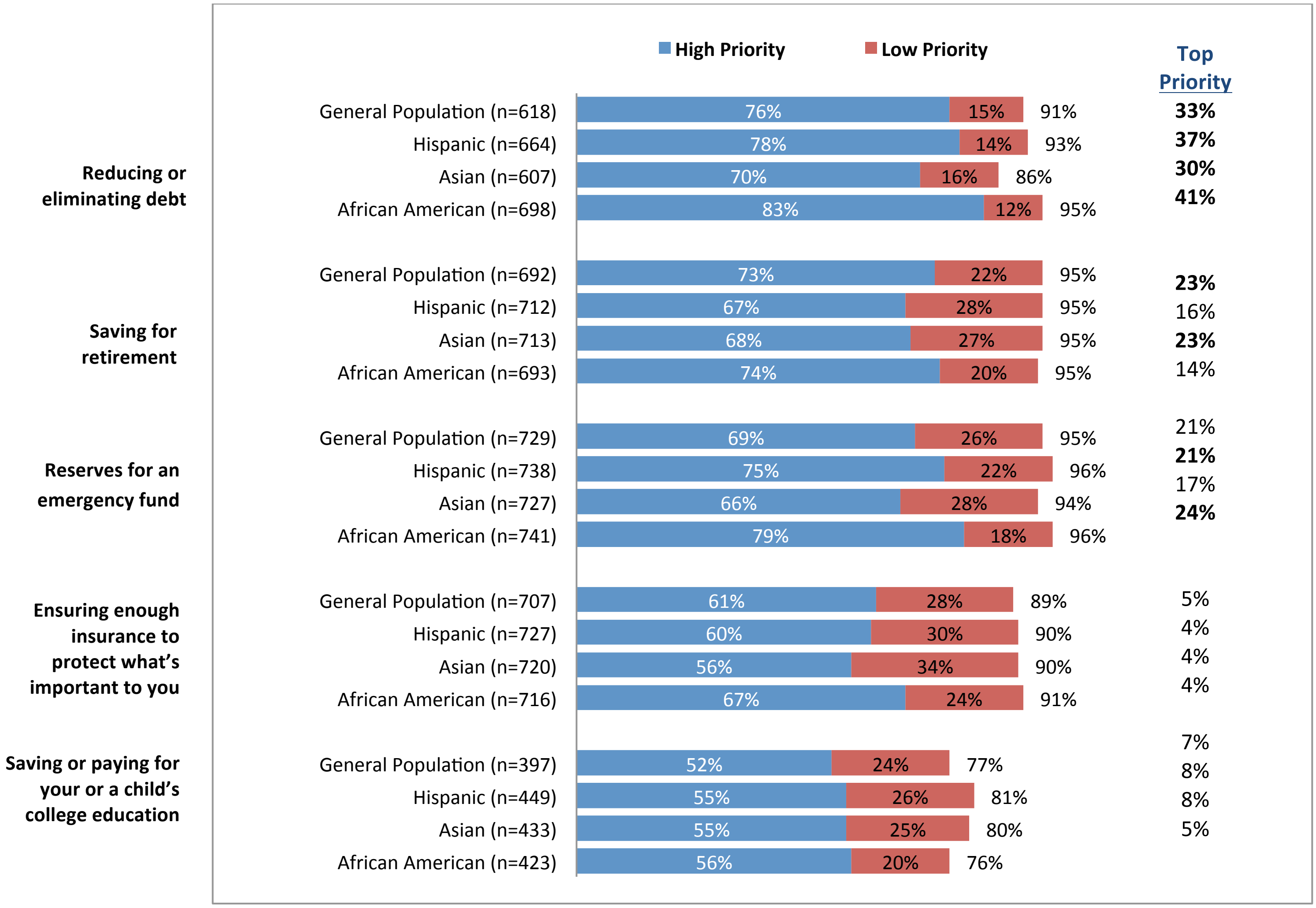
    - African American women (67 percent) are particularly likely to report that having adequate insurance is a high priority for them, driven largely by those with incomes of $45,000 to $75,000 who feel this is important (65 percent) and those ages 55 and older (77 percent).

5. *College Education:* Across the board, about half of women (52 percent general population) report that saving or paying for a child's college education is a high financial priority.

- Hispanic women (48%) with incomes between $45,000 and $75,000 are less likely to cite college savings as a high priority financial goal, compared to 62% with higher incomes.

Figure 2.

Q: How would you rate the following possible financial goals or concerns in terms of the priority you place on them? Which is your top priority?



Actions Taken to Address Top Financial Priority

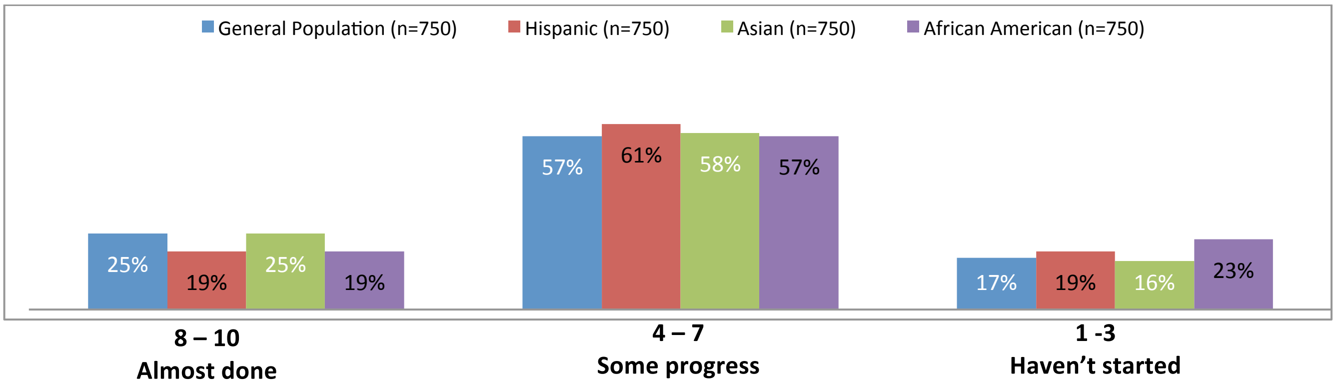
How do these women assess the actions they are taking to address these priorities? Majorities feel they are making progress on their top goals as illustrated in Figure 3. Hispanics and African Americans are less likely to say they are nearly there than women in the general population or Asian females.

- Compared to women overall and Asian women specifically (25 percent each), fewer Hispanic and African American women (19 percent each) rate their progress on their top financial goal as an 8 or above on a 10-point scale. In fact, African American women (23 percent) are particularly likely to rate their progress as a 1, 2, or 3, indicating that they have barely begun.

- Progress on one's goals correlates strongly with income, as those with incomes of at least $75,000 are generally more likely to rate their progress positively in each racial or ethnic group. In addition, those who are age 55 and older are more likely to indicate they have made more progress toward their goals than younger women.

Most women (64 percent of general population) say that the biggest challenge they face in achieving their goals is that their and their *family's more immediate needs always come first.* This suggests a delicate balance many women must strike as they seek to plan for their own financial future, while also meeting the competing demands of their family's finances.

Figure 3. ***Q: How much progress have you made when it comes to achieving your top priority?***



What actions are women taking to achieve their top financial goal? More than half say that they have reduced their spending while four in ten say they are saving regularly.

- African American (65 percent) and Hispanic women (60 percent) are especially likely to say that they have cut their spending in order to achieve their goal, compared to 54 percent of Asian women.

- Significantly, more so than all others, Asian women (50 percent) say that they are saving a specified amount on a regular basis to help them with their goal.

Only four in ten have calculated how much money it will take to achieve their top financial goal, and even fewer have developed a plan to address their primary need or concern. Across racial and ethnic groups, women who work with a financial advisor are more likely than those who do not to say they have developed a plan to achieve their goal.

Debt Management

In terms of the perceived fragility of their current financial position, many are justifiably worried about debt. One in three females among the general, Hispanic and Asian populations and four in ten African American women report having more than $20,000 in non-mortgage debt as detailed below.

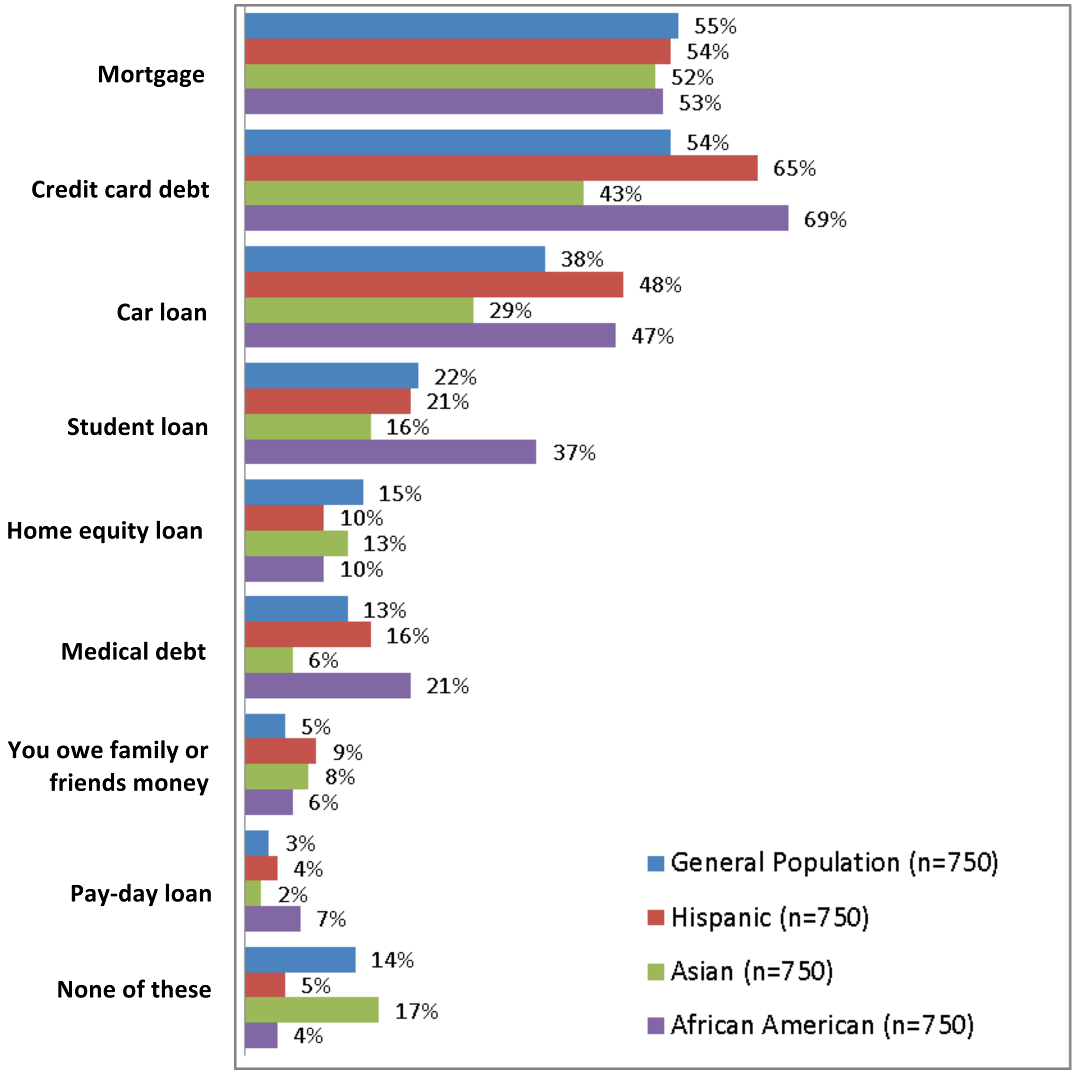
Figure 5.

Non-Mortgage Debt Totals	**Gen Pop**	**Hispanic**	**Asian**	**African American**
Less than $5k	33%	26%	37%	23%
$5k to $19k	30%	35%	25%	30%
$20k or more	33%	35%	33%	43%

What type of liabilities are these women of color carrying? Figure 6 reveals types of debt held by each respondent group. Majorities of Hispanic and African American females hold credit card debt. Just over half of all respondents cite having mortgage debt with Asian women (17 percent), more inclined than others to have *only* mortgage debt. In addition, they are far less likely to report having debt from credit cards, car loans, student loans and medical expenses than any other group.

Figure 6.

Q: Which, if any, of the following types of debt do you have?

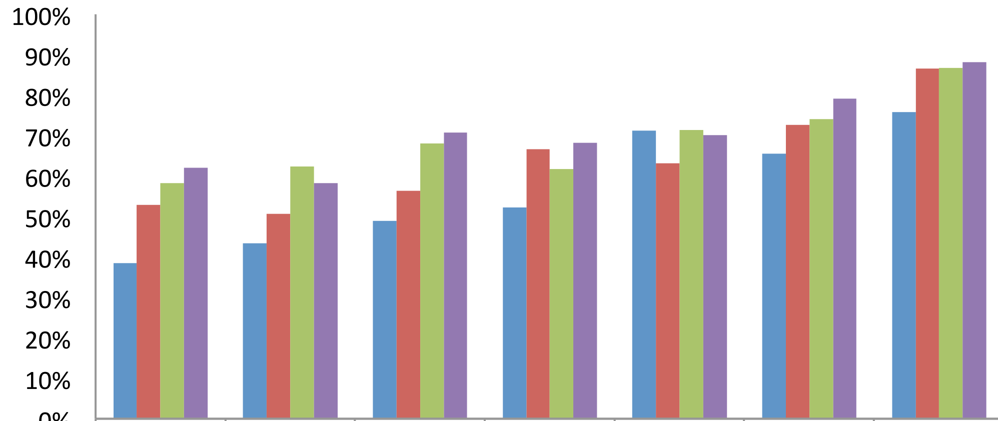


Emergency Cash Reserves

A counter-point to debt is having an emergency fund/cash reserve. On the whole, two-thirds of women in the general population (66 percent, predominantly Caucasian) report having at least some cash reserve or emergency savings. Specific to women of color, seven in ten Asian women (71 percent) report having this type of savings, which is significantly higher than the 56 percent of Hispanic women and 51 percent of African American women who report having an emergency fund.

Having emergency savings correlates strongly to income as illustrated in Figure 7 below. Within each group of women, those with incomes of at least $75,000 are far more likely than those with lower incomes to have a cash reserve. However, even among more affluent women, Asians (76 percent) are more likely than Hispanics (67 percent) and African Americans (62 percent) to report having cash reserves.

Figure 7. ***Q: Percentage of women who have cash reserves.***



	$45,000 - $54,999	$55,000 - $64,999	$65,000 - $74,999	$75,000 - $79,999	$80,000 - $99,999	$100,000 - $149,999	$150,000 +
African American	38%	43%	49%	52%	71%	66%	76%
Hispanic	53%	51%	56%	67%	63%	73%	87%
General Population	58%	62%	68%	62%	71%	74%	87%
Asian	62%	58%	71%	68%	70%	79%	88%

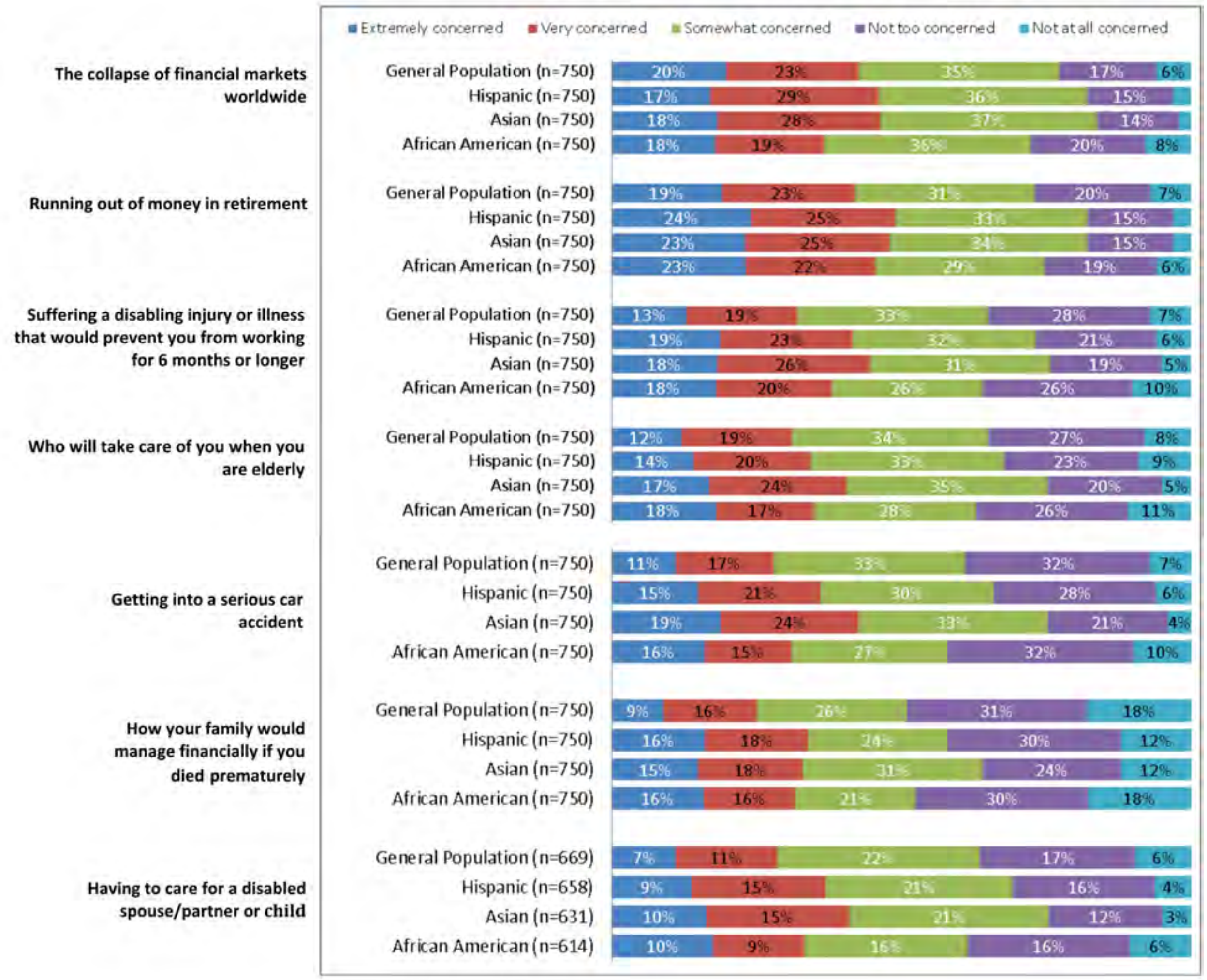
The study findings suggest that implementing systematic savings is a key determinant to the presence of cash reserves. Four in ten women overall (42 percent general population) say they save a certain amount each month, whereas nearly three in ten (27 percent) say they are not able to save regularly, but put money away once and a while like when they receive a gift, bonus or tax refund. Among those with an emergency fund in place, more than half (56 percent) save systematically – three times as many as those who save systematically but do not have a cash reserve (19 percent).

Major Financial Concerns

The research reveals that women in general express a greater concern about a global economic meltdown than personal risks with higher probability of occurrence and over which they have a greater ability to mitigate. Forty-three percent of women express a high level of concern about the collapse of financial markets worldwide – the same proportion concerned about running out of money in retirement. Just one third express similar concern about experiencing a disability; fewer still cite their family's finances should they die prematurely; or getting into a serious car accident (about one in four for each of these risks).

- Women of color (44 percent Asian, 42 percent Hispanic, and 38 percent African American) are more likely than average (32 percent general population) to be highly concerned about suffering a disabling injury or illness.
- More so than all others, four in ten Asians (41 percent) describe themselves as concerned about who will care for them when they are older.

Figure 4. *Q: In general, how concerned are you about the following?*



Retirement

Just 28 percent of women are highly confident in their ability to calculate how much they need to save for retirement. While those with household income levels in excess of $75,000 are more confident (33 percent), *majorities are either somewhat or not confident* in this key task.

Workplace retirement plans are the most common way women are saving for retirement, with seven in ten women overall (70 percent) report having a defined contribution (DC) retirement plan through work. Another one in four (24 percent) report having a traditional defined benefit pension (DB) plan.

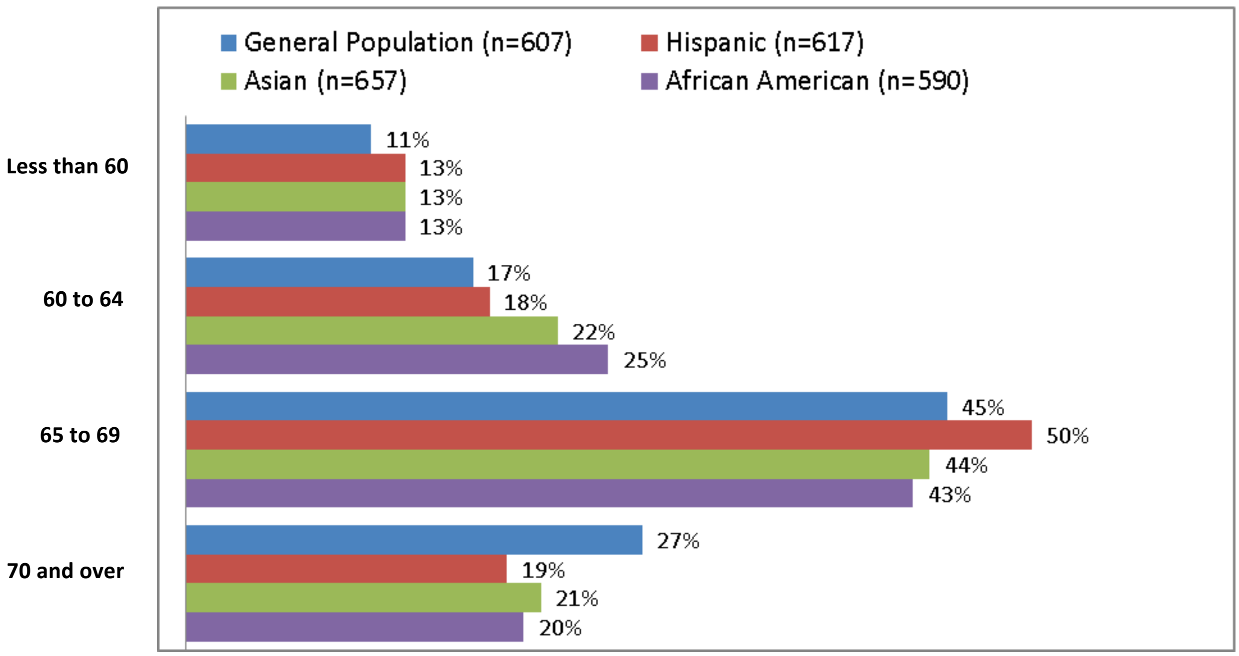
- African American women are more likely than average to report having both a DC (76 percent) and a DB plan (27 percent) available to them.
- Of those with a DC plan at work, nine in ten (89 percent) say they are currently contributing money. African American women are significantly more likely to say they are *not* contributing.

Hispanic and African American women are less likely to have individual savings and investment products. Hispanic women (37 percent) and to an even greater extent African American women (31 percent) are less likely than others to report owning an IRA. Women in these two groups are also less likely to have or own stock and bond mutual funds; individual stocks and bonds; or annuities.

Despite the lack of confidence in planning, investment knowledge, relatively low levels of savings and family constraints, many plan to retire at earlier ages than the general population as illustrated in Figure 8. This suggests that many will face formidable financial challenges in the future unless corrective action is taken.

Figure 8.

Q: At what age do you plan to retire?



Expectations for retirement lifestyles, especially for working and housing in retirement, vary quite a bit and reveal troubling gaps in preparation. It is widely known that many Americans retire before they plan to, typically due to health issues that prevent them from working. Yet, many of the women in the survey plan to work in retirement and may be planning on that income. Hispanic women are especially likely to say they plan to work in retirement, and Asian and African American women are more inclined than others to say they plan to start a business in retirement.

Housing plays a vital role in retirement finances. Both Asian and Hispanic women suggest that they will alter their living situations in retirement. They are more likely than women in the general population and African American women to say that they plan to downsize their housing in retirement or to live abroad during their retirement years.

Investing

The study reveals broadly shared insecurities related to investment acumen. Only one in ten women (11 percent of the general population) *strongly* agrees that she knows how to grow her money through investments. However, 40 percent of women *somewhat agree* that they know how to grow their money through investments. General population women (53 percent) and Asian women (49 percent) are more likely than others to at least *somewhat* agree that they know how to invest.

- Among women who have household incomes of at least $75,000, women in the general population (59 percent, predominantly Caucasian) are significantly more likely to suggest they are comfortable with investing than Asian (52 percent) and African American women (47 percent).
- However, few (about one in four or 23 percent of the general population) feel *extremely or very confident* in their ability to select the right investments to meet their financial goals. Confidence in investment ability increases with age among all women.

Most women *disagree* that investing is for wealthy people only. African American women (71 percent) and women in the general population (70 percent) are more likely than Hispanic (60 percent) and Asian women (59 percent) to *disagree* with this.

College Funding

All women, but especially Asian and African American women, say higher education is an important value in their families. More than four out of five women overall (84 percent general population) indicate that achieving higher education is a financial imperative in their family. Significantly more, about nine in ten Asian (88 percent) and African American (90 percent) women agree.

- Hispanic women (36 percent) are especially likely to report that they were the first member of their family to go to college, more so than all others (28 percent general population).
- Asian women (59 percent) are more likely than all other women (46 percent general population) to report that their parents helped them pay for college, and they are also the least likely to say their child has or will have to work while they in college to help with costs (49 percent vs. 55 percent general population). This difference is even more pronounced among Asian women ages 25 to 44 (65 percent of whom say their parents paid for college vs. 48 percent of younger women in the general population).

Insurance

Respondents are asked to report both on the types of insurance they own and on their perceptions relative to adequacy of coverage. Despite feeling underinsured, many have at least some type of health, life, and disability coverage. The discussion and chart below summarize key findings.

<u>*Disability Income*</u>:

Many women suggest that they do not have enough insurance to cover one of their most valuable assets – their own or their spouse's/partner's ability to earn an income. Among those who have disability insurance, 65 percent of women overall report having both short-term and long-term coverage.

About four in ten women (41 percent) believe they have less disability income insurance on themselves than they need. In addition, within each group except among Asians, those with lower incomes are more likely than those with incomes of $75,000 or more to feel they have less protection than they need to cover their own income. Asian women are notably less likely to feel underinsured when it comes to disability coverage, even though they are less likely to report having this type of insurance either through work (30 percent) or on their own (14 percent).

Life Insurance

African American women are far more likely than others to report having life insurance that they purchased on their own (64 percent) or through work (63 percent). Asians are the least likely to report having life coverage.

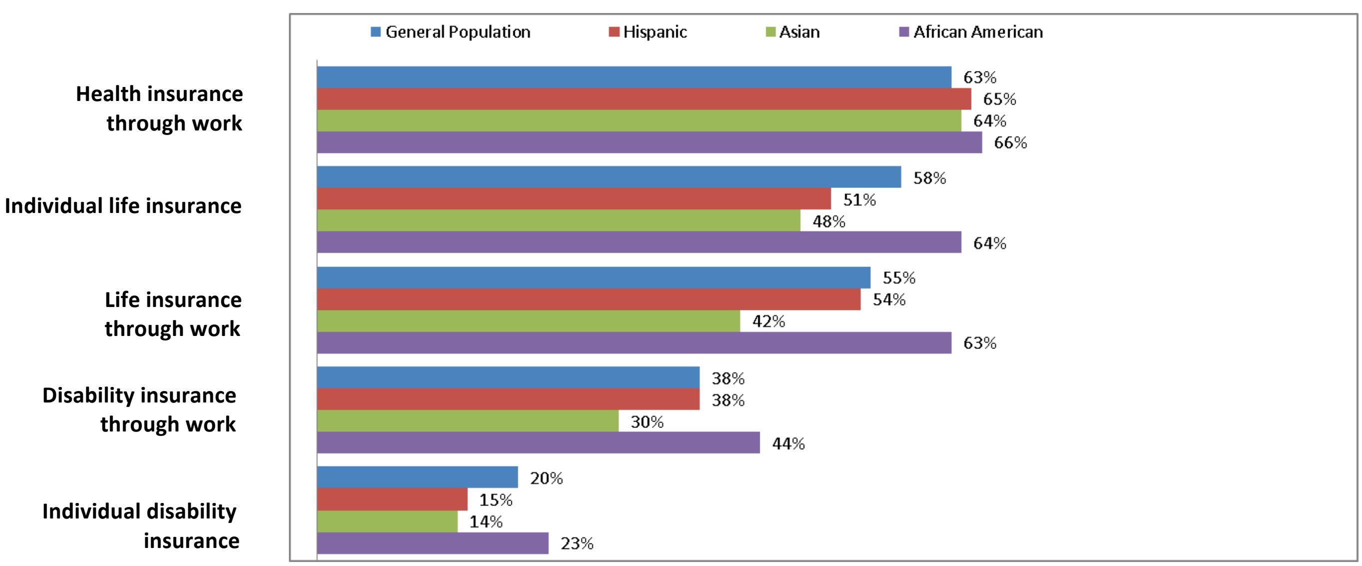
Roughly, one in four women (26 percent general population) suggests that they have less life insurance coverage than they need. African American women (22 percent) are slightly less likely to agree with this, while Hispanics and women in the general population (32 percent each) with incomes between $45,000 and $75,000 are particularly likely to feel underinsured, compared to those with higher incomes (22 percent each).

Property Insurance

With little variance, about seven in ten women (71 percent) feel they have the right amount of car insurance and two-thirds (66 percent) feel their property insurance is enough. For the most part, women with lower incomes are more likely to feel they have too little insurance for their home or car.

Figure 9.

Q: Which of the following, if any, do you own? Do you have any of the following through work?



Which of the following products, if any, do you own? Do you have any of the following through work? Select findings

Long-Term Care Insurance

Overall, very few women have long-term care insurance. About one in six (16 percent) say they have coverage through work and one in eight (13 percent) have long-term care insurance they purchased on their own. Asian women are notably less likely to report having coverage through work (11 percent), while Hispanic women are less likely to say they have purchased this type of insurance on their own (9 percent).

Attitudes Toward Financial Companies and Advisors

Women of color are more likely to think they cannot afford a financial advisor than those among the general population. That said, all women believe that working with one could help. Indeed, the study also reveals that women who work with a financial advisor are more likely to feel financially secure than those who do not.

Even among the more affluent women in this survey, women of color (29 percent Hispanic, 32 percent Asian, and 29 percent African American) appear to be less likely than women overall (43 percent) to be working with a financial professional for advice on their savings, investment or insurance needs.

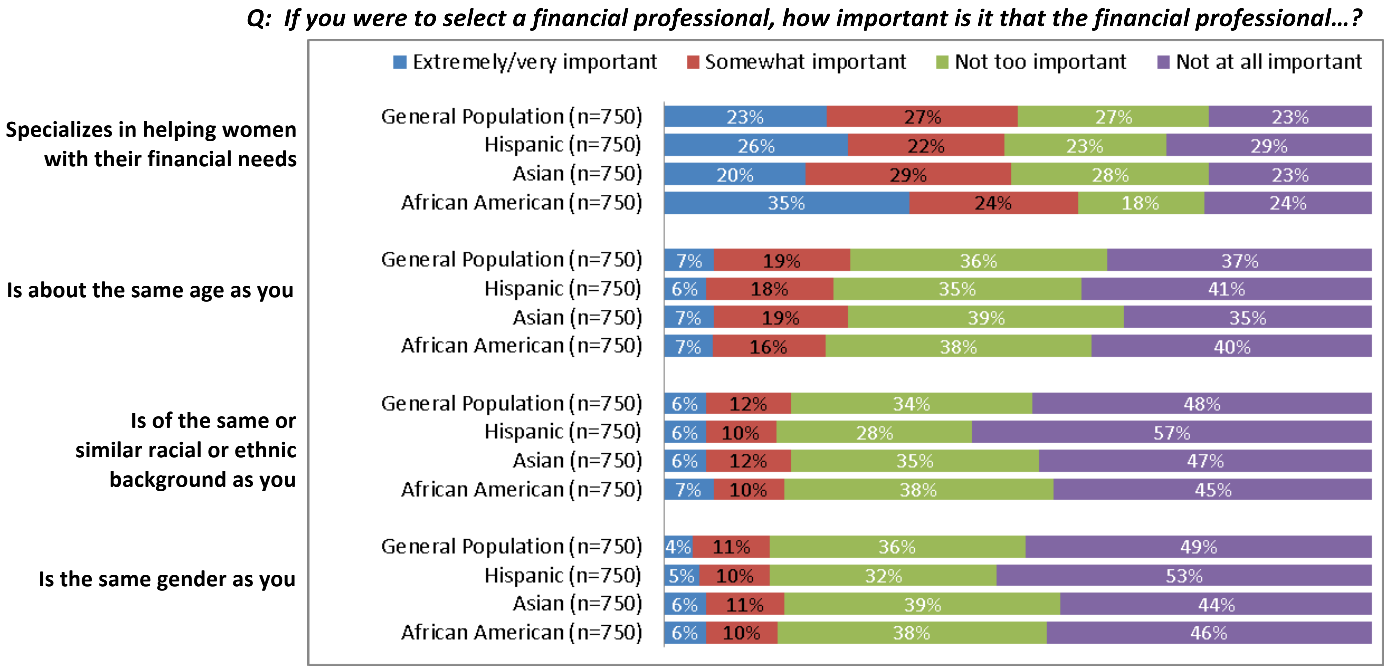
Half of all study participants (50 percent) agree at least somewhat that working with a financial professional would help them achieve their financial goals. This is largely consistent across race and income groups, though Asian women with higher incomes (57 percent) are particularly likely to believe a financial advisor can help them.

Whether or not a woman feels she can afford to work with an advisor is, not surprisingly, related to income, with more affluent women *less* likely to agree that they *cannot* afford one. Among those with incomes of at least $75,000, however, African American (34 percent), Hispanic (34 percent) and Asian (31 percent) women are more likely to suggest they cannot afford an advisor than women in the general population (24 percent).

Beyond misperceptions of unaffordability, just three in ten women (30 percent) feel confident in their ability to select the right advisor to work with. This is fairly uniform across racial and income groups, though Asian women with higher incomes (23 percent) are notably less likely to express confidence in their ability to pick the right financial advisor.

When it comes to qualities women seek in a financial advisor, working with an individual who specializes in helping women with their unique financial needs (23 percent general population) is far more important than sharing the same demographic traits, like age (7 percent), race (6 percent), or gender (4 percent). African American women (35 percent) are more inclined to say working with an advisor who specializes in helping women is especially important. Figure 10 provides further perspective and detail on the relative importance of these qualities by demographic.

Figure 10.



Study Implications for the Financial Services Industry and Professionals

The financial services industry has both opportunity and obligation to reach out to women of color in order to help them achieve greater economic security. Study findings support the beneficial role that advisors play in improving the sense of financial security, building cash reserves, planning for retirement and managing personal risks. Financial advisors should be providing these clients with the information and analyses they need to make informed decisions. Most have not done realistic assessments of their needs, and study findings suggest they will be surprised by the extreme gap that a proper analysis might reveal.

While our research sheds light on key gaps between the financial goals, concerns and sufficiency of action among women of color, it also provides guidance on steps to address them. The study findings suggest five steps the financial services industry and advisors should take.

1. Increase marketing attention and outreach to women of color. Many of these women falsely perceive that advisor help and support is beyond their means. Their continued growth in numbers and affluence present advisors, and the industry, with attractive and underserved markets for many years to come. Women face several unique financial planning challenges, including their role in family caregiving, increased vulnerability of becoming disabled and their longevity risk. This research suggests that advisors who demonstrate an understanding of women's needs will have an important advantage in this market.

2. Help break the vicious cycle of debt and build cash reserves. For most, this is achieved by simultaneously paying down liabilities while systematically saving to build up cash reserves. Budgeting and setting aside even small amounts every month are proven approaches to

increasing financial security. Having funds available for future emergencies so that one does not need to rely on borrowing effectively breaks the vicious cycle of debt. Advisors who help women manage their liabilities, build reserves and transition to longer term savings and investments will add significant value and create lasting relationships.

3. Review and analyze insurance protection. Many women of color do not feel adequately protected against personal risks, especially disability—a prevalent risk that can put a sudden and financially devastating halt to earnings. Educating clients on the incidence and causes of disability and other risks; reviewing current coverage in place; and analyzing the degree of financial impact of a personal or property loss to the client are vitally important services advisors can provide.

4. Quantify client goals for retirement and recommend action toward their achievement. Many envision an early retirement and have differing views on work and housing in retirement, yet most women have no plan in place and generally low savings levels. These factors support legitimate concerns about outliving assets. Advisors can be enormously valuable in helping clarify retirement expectations, calculating financial needs and establishing a prudent plan of action.

5. Recognize the pull of family demands. Helping family members is a widely shared core value for women of color. Meeting current obligations, helping children with education goals and taking care of infirmed relatives at home are important to the great majority of these women. Furthermore, some worry about their own care and living situations as they age. Advisors who help objectively inform them of the economic tradeoffs and opportunity costs will be an important asset in the attainment of financial security.

In sum, American women of color play a crucial financial role in their households and in our society. This survey indicates that many are highly concerned about their financial security, and the fundamental tensions between meeting current financial obligations, having adequate protection in place and the achievement of longer term goals. The financial services industry, advisors and the public/private sector organizations can and must support this vibrant and growing segment achieve greater financial security.