



# **FINDINGS ON FINANCIAL SECURITY FOR AAPI SENIORS & THEIR FAMILIES**

**A LANDSCAPE ASSESSMENT  
& COMMUNITY SURVEY RESULTS**



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# Introduction

In Spring 2015, residents of the Republic Hotel Apartments in Seattle’s International District were evicted due to an anticipated sale of the property by their landlord. Although the single room occupancy hotel was sorely in need of significant reinvestment, this sale would mean the displacement of over 60 low-income tenants, 75% of whom were seniors. Because of gentrification pressures on the neighborhood, the majority of tenants were forced to move out of the International District to find affordable housing options. Even with city-sponsored relocation assistance, most had difficulty identifying comparable options to the \$220 monthly rent they were paying for the SRO units. Seniors whom had lived in the building for decades, many of whom spoke little to no English, were forced to move away from their social networks, cultural and linguistic-appropriate services, and one of the most transit-oriented and pedestrian-friendly neighborhoods in the city. The move was unbearable to many. One elderly resident in her late 70’s, “Ms. Li”, refused all assistance to coordinate her move, insisting that she would remain in the apartment until forced out because ‘the financial paperwork and apartment searching involved is too much, and there is no use because I’m old and don’t have much time left anyway’. This story was shared by Seattle Chinatown International District Preservation and Development Authority (SCIDpda - whose staff coordinated the relocation of the former tenants of the Republic Apartments), and illustrates the desperation which many elderly Asian American and Pacific Islanders face in managing their very fragile financial lives.

Public discourse about the graying US population has failed to adequately acknowledge the unique needs of seniors of color and older immigrants, a growing percentage of the US elderly. Older Asian American and Pacific Islander (AAPI) populations in particular are often overlooked – with researchers placing blame on sample sizes too insignificant to warrant study (AAPIs currently represent 4% of the US population), but more so because the model minority stereotypes foster false perceptions that all AAPIs are economically and socially successful.

# INTRODUCTION & EXECUTIVE SUMMARY

Data from the US Census counters this narrative. As compared to the general poverty population, the Asian American poor population is older with higher rates of senior poverty. In 2012, the poverty rate for Asians and Pacific Islanders age 65 and older was 13.1%, as compared to 9.1% for all older Americans.<sup>1</sup> Statistics show that between 2009 and 2014, poverty increased among Asian American and Pacific Islander elderly populations at an alarming rate - 40% and 191%, respectively. Figure 1 summarizes a profile of the financial security of AAPI seniors.

Compounding this issue of poverty for many AAPI seniors are those of linguistic isolation, limited access to culturally-responsive services, lack of understanding of mainstream systems, and diminishing resources and public support for the social safety net. This, combined with the knowledge that the AAPI elderly population represents an increasing percentage of the US elderly population<sup>2</sup>, makes it imperative that advocates, service providers, governmental institutions, and the private sector design culturally-relevant solutions that support the economic and social well-being of low-income Asian Americans and Pacific Islanders.

By publishing this report, the National Coalition for Asian Pacific American Community Development (National CAPACD) seeks to add to the existing body of work that explores and documents the specific financial capability needs of low-income AAPI elderly, defined as those ages 50 and older. Although there are a multitude of areas that impact the economic health of AAPI elderly, National CAPACD seeks to better understand the conditions, barriers and opportunities that most influence their financial habits and their access to safe and affordable financial services and products. This report outlines specific programmatic opportunities to meet the asset-building needs of low-income AAPI seniors, and potential areas for policy engagement.

In 2012, the poverty rate for those 65 and older was:

**13.1%** for AAPIs

VS

**9.1%** for all older Americans

## EXECUTIVE SUMMARY

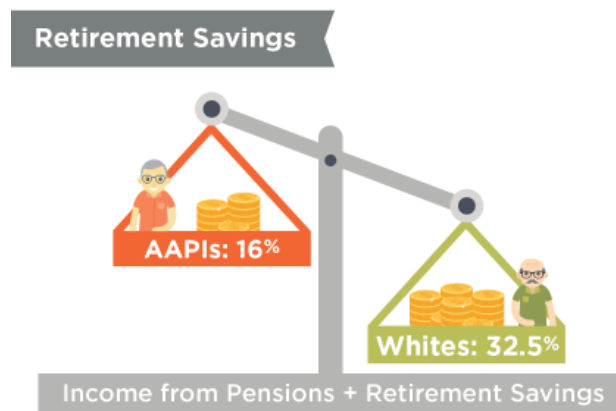
Findings on Financial Security for AAPI Seniors and their Families: A Landscape Assessment and Community Survey Results, specifically focuses on the financial needs and challenges faced by low-income AAPI populations, the demographic population primarily served by National CAPACD's membership.

This report utilized secondary data sources as well as original research conducted by National CAPACD and its members, as further outlined in the methodology section of this report. Upon completion of data collection and analysis, National CAPACD has identified the following three findings, each with their own further opportunities for action as described in the Findings section. Opportunities for action include those both programmatic and policy oriented that should be considered by practitioners, advocates and policy makers.

<sup>1</sup> 2012 American Community Survey

<sup>2</sup> "A Statistical Profile of Older Asians." (2014). US Department of Health and Human Services, Administration for Community Living.

*FINDING #1:* Language and culturally-appropriate services and products, from trusted sources, are critical to ensuring low-income, elderly AAPI can participate in the financial mainstream. Low-income AAPI elderly, particularly immigrants, have difficulty identifying whom to trust outside of family and friends for financial advice and actively seek bricks and mortar bank locations that can provide access to products and services in their language. This runs counter to current financial industry trends for product and service delivery, which are increasingly technology-reliant. National CAPACD members emphasized the importance of providing financial education to elderly, an under-served population in this arena, and in particular prioritized a focus on fraud and scam protection.



*FINDING #2:* AAPI elderly have a limited safety net, acquired both through public and personal means, and require greater support in accessing, preserving and building these resources. Survey results and interviews conducted by National CAPACD reinforced anecdotal knowledge that low- and moderate-income AAPI seniors had limited access to retirement savings (if at all), and thus relied significantly on family and public assistance for additional income support as they aged. This reliance on public assistance, however, can often prevent seniors from

achieving financial stability because of asset limit criteria often applied for participation in these state and federal programs. Not surprisingly, access to affordable housing was cited as a primary factor that significantly influenced financial security for AAPI seniors. National CAPACD members focus on providing not only housing counseling, but also affordable housing development and tenant organizing so as to prevent displacement of the elderly who rely on the culturally and linguistically specific services and networks available within their existing communities.

*FINDING #3:* Families continue to play an important role in the support of low-income AAPI elderly, and thus, greater consideration should be given to the role of family in decision-making and money management when developing asset building-related programs and policy. National CAPACD members cited the significant role that family members played in the lives of their elderly clients – particularly when it came to ensuring financial well-being. With AAPIs more likely to live in a multi-generational household than any other ethnic group, it becomes imperative that the asset building field develop solutions that can address the financial health of the entire household – including the elderly. Several of National CAPACD’s members have engaged in multi-generational asset building activities, but this area of work is deserving of greater attention and investment. With greater investment, a variety of new initiatives and research can significantly change how the asset building field approaches financial capability for AAPIs. National CAPACD’s network is extensive, growing and constantly on the cutting edge of best practices in social services and community development. Aspirations abound from within our membership to test innovative models and initiatives that can capitalize on the strength of their organizations as providers of a variety of senior services, inclusive of health-related services, housing counseling, and community building.

# FIG. 1: FINANCIAL SECURITY PROFILE OF ASIAN AMERICAN AND PACIFIC ISLANDER SENIORS

## POVERTY

- The 2012 American Community Survey states the poverty rate for AAPIs persons age 65 and older is 13.1%, as compared to a 9.1% poverty rate for all older Americans.
- 2010 Census data indicated that Cambodian, Hmong, Tongan, Korean and Laotian seniors were more than twice as likely as the general population to be living in poverty. Bhutanese and Marshallese elderly were the most likely to be living in poverty, with poverty rates of 63% and 30% (respectively).
- According to the American Community Survey, between 2000 and 2010, the number of Asian American seniors living in poverty increased by 69% and poverty for NHPI seniors increased by 17%. Between 2009 and 2014 - the poverty rate increase for Asian seniors was 40% and 191% for NHPI seniors.
- In 2014, California (96,997), New York (37,259), Washington (11,492), Texas (10,655) and Hawaii (8,594) had the largest populations of Asian American seniors in poverty – but Rhode Island (29%) and New Mexico (24%) had the highest Asian senior poverty rates. The following states had the largest populations and highest rates of NHPI seniors living in poverty: Hawaii (2,595), California (1,091), Washington (428), Texas (140), and Utah (118).

## RESIDENCE AND LIVING ARRANGEMENTS

- In 2012, 60% of older Asians Americans lived in just four states: California (64%), New York (15%), Hawaii (12%) and Texas (8%) – some of the country's most expensive housing markets.
- An estimated 40% of AAPIs aged 65 years and older spend more than 30% of their income on housing, including rent or other owner-related costs. Shockingly, 100% of Marshallese, 72% of Fijians, 61% of Hmong, and 60% Tongan fall into this category.
- 19% of AAPI elderly own their own homes but carry a mortgage payment, 36% rent their homes.
- In 2013, 81% of older Asian American\* men lived with spouses, 8% lived with other relatives, 2% lived with non-relatives, 9% lived alone; By comparison, 47% of older Asian American women lived with their spouses, 33% lived with other relatives, 2% lived with non-relatives and 18% lived alone.
- Among those living below the poverty level, 36% of Asian American seniors in households were living alone – lower than the general older poverty population. This means poor Asians were more likely to be living with other family members, whether it is their spouse or their children.

## ACCESS TO THE SAFETY NET

- In 2012, 31% of older Asian Americans had both Medicare and supplementary private health insurance, 21% were covered by both Medicare and Medicaid. This is significantly lower than the overall American older adult population, of whom 50% had both Medicare/ supplementary private Health insurance and 8% covered by both Medicaid and Medicare.
- Bangladeshi (23%), Pakistani (15.3%), and Tongan (15%) elderly were the least likely to be insured.

\*The Administration for Community Living uses the term Asian American, though some data includes Native Hawaiians and Pacific Islanders. Because of this inconsistency, National CAPACD has chosen to use Asian American in referencing this data.

# THE IMPORTANCE OF SOCIAL NETWORKS



**AAPIs are more likely than any other ethnic group to be living in a multi-generational household.**



## Seniors Living Alone + Below the Poverty Level



**This means poor Asians were more likely to be living with other family members, whether it is their spouse or children.**



# METHODOLOGY & RESEARCH LIMITATIONS

Data for Findings on Financial Security for AAPI seniors was obtained from multiple sources, including secondary-source research, and survey and interview data collected through National CAPACD's own membership network, further described below.

- 1) Literature review of secondary data sources. National CAPACD conducted an extensive review of data published by academics, research and policy institutions, federal agencies, and practitioners in the field. The literature review focused on research conducted in the last 5 years. Available data was collected and analyzed for trends and data relevant and specific to AAPIs.
- 2) Collection and analysis of original data from National CAPACD's constituents, including:
  - a. A Financial Services Survey conducted in 2013 and 2014 with National CAPACD's membership, focused on how low- and moderate-income AAPIs access mainstream and alternative financial products and services. Some of the results from this research were published by National CAPACD in its 2015 Scrimping + Saving report.
  - b. Senior Financial Capability surveys and interviews conducted with 9 members of National CAPACD's network on the topic of senior financial capability services.

The Financial Services Survey was conducted in 7 different languages (Bangla, Chinese, English, Korean, Nepali, Thai and Vietnamese) and reached a total of 2,013 responses in five different metropolitan areas (New York, Chicago, Houston, Oakland and Los Angeles). Data analysis was completed in part by UCLA Center for the Study of Inequality and UCLA Asian American Studies Center.

In 2015, National CAPACD conducted the Senior Financial Capability surveys and interviews with key stakeholders within our network whom are known for their robust senior services or financial capability programs that served seniors. Members were invited to submit surveys on-line, with several follow-up interviews conducted by National CAPACD staff as needed. A total of 9 sites

were surveyed or interviewed as follows:

- Asian Americans for Equality, New York, NY
- Asian Services in Action, Cleveland, OH
- Center for Pan Asian Community Services, Atlanta, GA
- Chinese American Service League, Chicago, IL
- Chinese Community Center, Houston, TX
- East Bay Asian Local Development Corporation, Oakland, CA
- Little Tokyo Service Center, Los Angeles, CA
- Seattle Chinatown International District Preservation and Development Authority, Seattle, WA
- Hawaiian Community Assets, Honolulu, HI

In completing this report, National CAPACD acknowledges that the research is limited by several factors such as lack of availability of disaggregated and cross-tabulated data from the US Census or other research institutions, and design of the survey tools used for original research. Existing and available research often did not disaggregate by ethnic sub-group, or if disaggregated data was available – it was often not cross-tabulated by age. Most specifically, National CAPACD acknowledges that Pacific Islanders are significantly under-represented in this report.

Although groundbreaking as both a process and product, National CAPACD's Financial Services Survey had several limitations with regard to understanding the specific financial needs of AAPI seniors. Survey respondents were not asked about topics such as access and utilization of public benefits, or the role of caregivers – both of which are critical factors in better understanding financial security amongst elderly populations. Further, surveys conducted by National CAPACD are drawn from a convenience sample of the clients served by local community based organizations in our network, that tends to be include more limited-English proficient and low-income people, and cannot be generalized to the general AAPI population.

Findings on Financial Security of AAPI Seniors seeks to add to the current body of limited data on the financial health of low-income AAPI elderly, provide a practitioner perspective on

# LITERATURE REVIEW

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the challenges this population faces and offer a landscape view of some of the community based services that exist to serve their needs. National CAPACD strongly advises that further research and data analysis is conducted and that data be collected by AAPI sub-population.

## LITERATURE REVIEW

With the aging population growing rapidly, much research exists about the financial security of the general senior population. However, there is a dearth of research on the specific financial needs and assets of Asian American and Pacific Islander seniors, particularly low-income aging AAPI. Given the limited information available, National CAPACD has noted the following research:

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**“ However, current asset-based programs are generally age regressive (i.e. - the amount of benefits received declines as the age of the recipient advances). Moreover, programs for older adults focus on providing income support and services, not on asset building. Older adults have not fully realized the potential benefits of asset-based programs.”**

- Asset Development Among Older Adults

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*Financial Education/Information:* Huang and Greenfield note in their report, “Asset Development among Older Adults”, that the current model for asset-based programs are generally age-regressive<sup>3</sup>. This refers to the dynamic whereby the amount of benefits received declines as the age of the recipient advance. This is under the assumption that aging contributes to increased wealth and a more secure income stream. However, these authors note that such an approach in fact perpetuates the misconception that seniors do not need financial education or information. In this same vein, programs for older adults

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3 Greenfield, Jennifer C and Huang Jin. (2015). Asset Development among Older Adults. Financial Capability and Asset Holding in Later Life: A Life Course Perspective, 140. Oxford University Press.

typically focus on providing income supports and services, while offering a lack of financial information, asset management or asset development services.

*Debt:* Debt heavily influences a seniors’ financial capability – particularly as they approach (or achieve) retirement age. Lusardi and Mitchel (2013) in their report, “Older Adult Debt and Financial Frailty”, found that seniors are carrying debt later in life, partially caused by the continuing obligation of home mortgages<sup>4</sup>. About six in ten of older Americans in their 60s and nearly four in ten of those in their 70s and older still have mortgage debt<sup>5</sup>. (By comparison, 19% of AAPI elderly carry a mortgage likely due to lower rates of homeownership than the general population). Mortgages aren’t the only type of debt seniors have; credit cards, car payments and other forms of debt are also common financial responsibilities they shoulder as they enter into retirement. The combination of debts may cause seniors to poorly manage their numerous bills, paying minimums on their credit card payments. This not only causes an increasing amount of debt, it also creates high monthly payments to service the debt. With this trend, seniors are unable to build wealth or assets. Instead, they are merely trying to catch up or stay current in their debt payments.

Health-related expenditures also result in seemingly insurmountable debt for many seniors. With increasing age, seniors are also more vulnerable to health problems and require more and increasingly frequent medical attention. A study by The Federal Reserve System found that one-third of those in their 50s and 60s cited health as the reason for their financial stress<sup>6</sup>. One in

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4 Lusardi, Annamaria, and Olivia S. Mitchell (2013). “Older Adult Debt and Financial Frailty.” Ann Arbor MI: University of Michigan Retirement Research Center (MRRC) Working Paper, WP 2013-291. <http://www.mrrc.isr.umich.edu/publications/papers/pdf/wp291.pdf>

5 Board of Governors of the Federal Reserve System. (2013). Insights into the Financial Experiences of Older Adults: A Forum Briefing Paper.

6 IBID

## LITERATURE REVIEW (CONTINUED)

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eight respondents in the same study reported that they had to carry a balance on their credit card in the last three years because of a medical expense. Although these numbers are telling, this data does not paint the entire picture. The researchers note that if seniors do not have health insurance or other outstanding financial obligations, they might choose to forego medical care. This is a critical point for AAPIs – whom as compared to the general population have higher rates of being uninsured as well as higher rates of sole dependence on Medicaid (implying an inability to afford supplemental coverage)<sup>7</sup>. The literature did not further explore the financial security of those who have medical issues but do not seek attention for them.

*Access to Credit and Services:* Although credit has become easier to access, many individuals lack the knowledge of how the credit system works – including seniors and in particular immigrant or limited English proficient seniors. This lack of important knowledge has caused the senior population to become financially fragile. An increasing number of older Americans have little net worth or are holding onto a larger ratio of debt to total wealth.

Existing literature does not touch on the trends of decline or increase of credit score with age, though offers different perspectives on the importance and role of credit in the lives of seniors. While some have increasing credit card debt, others do not access this financial product at all. Thus, some seniors and older adults become categorized as credit invisible (those who do not have credit records) or unscorable (those whose record has become stale, containing no recent activity). The Consumer Financial Protection Bureau (CFPB) found that after age 60, the numbers of invisibles and unscorables increase with age<sup>8</sup>. This can be explained through the correlation of income and credit record: as

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7 Blacker, Karen. NAPCA Data Brief, 2013. “Asian Americans and Pacific Islanders in the United States Aged 65 Years and Older: Economic Indicators.”

8 The CFPB Office of Research, Data point: Credit Invisibles.

income declines as a result of retirement, so does their score. The reduction of income for older adults can cause inactivity in their credit record, making them unscorable. Lack of a credit score may have serious negative implications for older adults that may need access to housing, short term credit, or other credit-dependent needs.

*Retirement Readiness:* Debt and credit play an influential role in determining the preparedness of seniors as they enter retirement. Seniors should and must re-plan and re-budget to ensure they can live comfortably and with dignity on a reduced income. The Filene Research Institute’s research on pre-retirees, age 51 to 61, found that with the increasing amount of financial burdens faced by this age group, it is difficult to plan for retirement. Less than half of their pre-retiree population had attempted to calculate the level of savings they would need once they stop working. They also found that only a minority of their participants had a rainy day fund for unexpected expenses. If a pre-retiree were to have an unexpected high expense, such as a health problem or leaking roof, most would be unable to afford to address it. The financial burdens faced by many seniors, and the lack of affordable trusted resources for planning, have resulted in older adults entering retirement with little planning, low savings, and a lack of resources to weather life’s ups and downs<sup>9</sup>. The above stated challenges are further exacerbated if seniors are low-income, people of color.

*Low-Income Populations:* Multiple studies looked at the unique challenges of low-income older adults. This population is more likely than the general older population to be unprepared for retirement, which in turn may compel them to look to alternative financial products to sustain themselves. The Center for Responsible Lending found that nearly 25% of social security recipients have taken out a payday loan, mainly to cover their monthly

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9 Scheresberg, Carlo de Bassa, and Lusardi, Annamaria. (2012). Financial Capability Near Retirement: A Profile of Pre-Retirees. Filene Research Institute.

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expenses<sup>10</sup>, whereas only nine percent (9%) of the general older adult population have or had used the same financial products<sup>11</sup>. Thus, low-income seniors are faced with not only high fees, but also greater barriers to saving. This reliance on payday loans may partly be attributed to their credit score. Low-income seniors are also more likely to be credit invisible or unscorable. CFPB found that these types of credit scores were more likely to be found in low-income neighborhoods than high-income neighborhoods.

Barriers to building adequate savings for retirement are directly related to state and federal policies that perpetuate the cycle of poverty. For example, most federally funded support programs are focused on income assistance. In order to qualify to receive these supports, recipients must meet an asset limit requirement<sup>12</sup>. This creates restrictions and disincentives to build assets in order to receive public benefits.

*Minority Communities:* The racial wealth gap has become an increasingly important area for research in recent years, though few focus on issues specific to seniors of color, and even fewer include or focus exclusively on AAPI seniors.

Several key reports include Greenlining Institute's *The Economic Crisis Facing Seniors of Color* (2011) and the Diverse Elders Coalition's *Securing Our Future* (2012). Both provide a comprehensive analysis of the issues faced by elderly communities of color (many of which have already been referenced in this report), and make strong policy recommendations that would strengthen protections and create greater opportunities

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10 Abood, Maya, Rober Zdenek and Karen Kali. (2015). "What Can We Do to Help? Adopting Age-Friend Banking to Improve Financial Well-Being of Older Adults, Federal Reserve Bank of San Francisco, Working Paper. Federal Reserve Bank of SF.  
11 Board of Governors of the Federal Reserve System. (2013). *Insights into the Financial Experiences of Older Adults: A Forum Briefing Paper*.  
12 Greenfield, Jennifer C and Huang Jin. (2015). *Asset Development among Older Adults: Financial Capability and Asset Holding in Later Life: A Life Course Perspective*, 153. Oxford University Press.

for seniors of color. It should be noted that both studies acknowledge the lack of available data on AAPI elderly, but nevertheless highlight the existing data and call for greater attention to the needs of this population.

Urban Institute looked at the utilizations of pensions and retirement funds by minority workers<sup>13</sup>. Noteably, this study did not include the Asian population, but focused on black and Hispanic workers. The study found that retirement savings are lower among minority workers compared with whites. This can partially be attributed to the fact that workers of color are less likely to work in jobs that offer pensions. They are also less likely to participate in pension or retirement programs when they are offered by the employer. The lack of retirement accounts held by minorities can cause this population to be unprepared for financial needs later in life.

As stated above, there were few studies that focused on solely older Asians adults. Of particular note are various institutions that have analyzed and reported on recent US Census data to better understand the specific financial security challenges faced by AAPIs. These studies, also referenced later in this report, include:

- Wider Opportunities for Women (WOW), *Living Below the Line: Economic Insecurity and Older Americans* (2015).
- AARP, *Are Asian Americans and Pacific Islanders Financially Secure?* (2014)
- UCLA Asian American Studies Center, *A Narrative Report of the Asian American Population and Asset-building Trends of (California, Illinois, Oklahoma, Texas, Southeast Region)* (2013)
- NAPCA, *Asian Americans and Pacific Islanders in the United States Aged 65 Years and Older: Economic Indicators*. (2013)
- Asian American Federation Census Information Center, *Profile of Asian American Seniors in the U.S.* (2009).

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13 Smith, Karen. (2015). "Low pension participation among minorities contributes to wealth gap." Urban Institute. Retrieved April 14, 2015 from: <http://www.urban.org/urban-wire/low-pension-participation-among-minorities-contributes-wealth-gap>

## LITERATURE REVIEW (CONTINUED)

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Additionally, the National Asian Pacific Center on Aging (NAPCA) conducted a study on economic readiness of older Asians<sup>14</sup>. They surveyed their client population and found that older Asian adults have very low levels of financial literacy. Not only were they not knowledgeable about financial literacy, they also had very little knowledge about benefits such as social security and Medicare. In their research population, only 17% regularly saved and 20% were homeowners<sup>15</sup>. This data suggests lower levels of wealth and asset accumulation in the older Asian community.

*Immigrants:* Within the older Asian population, NAPCA found that the majority of their respondents were immigrants. This factor adds another layer of challenges. Not only are they trying to stay financially stable, they are also attempting to assimilate in a new country and culture. Language becomes a barrier to finding jobs, accessing financial services or accumulating assets. Research shows that immigrants earn less than their native counterparts with the comparable human capital. A case study of the challenges that older immigrant adults face was conducted in New York City. New York has the largest foreign born population of any city in the US<sup>16</sup>. The four fastest growing populations in New York City were Chinese, Indian, Caribbean and Korean. This case study showed senior immigrants have lower incomes, jobs without pensions, less in retirement savings, and do not qualify for benefits such as social security or Medicare. The challenges of financial sustainability are heightened by the cultural and language barriers immigrants face. This report found that two thirds of their data set was limited English proficient, 37% live in linguistically

isolated households. The language barrier makes it hard for them to find out about support services and financial advisors. These populations also tend to be concentrated, creating dense pockets of poor seniors in neighborhoods. From all the data that this report gathered, it is evident that many immigrant seniors may not have enough to allow them to live independently. To combat this issue, authors encouraged government agencies to develop strategies to increase access to public benefits and access to translators.

*AAPI Specific Data:* Overall, published research shows that low income AAPIs are financially unprepared later in life. This can be due to a number of reasons including high debt payments, immigration status, lack of retirement or benefits, access to credit and lack of financial education. Although several trends were found on low income AAPIs, more research is needed. The existing studies failed to include low income AAPIs in data and statistics on financial capability and assets. Studies that focused on communities of color were notably inconclusive or did not address older AAPIs at all.

There were several aspects of the older AAPI populations that the literature did not address. To gain a better understanding of this population, there are several factors that need more research attention. This includes the inclusion of multi-family and multi-generational households. There was little information that addressed the financial capability and resources of this type of family structure, or on grand-families, or families where grandparents support their children's financial security. Publications also did not address differences in gender. There were not clear distinctions on how financial issues differed between male and female older AAPIs. To fully understand the older AAPI population and their financial capability, more research is needed.

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14 Blacker, Karen. NAPCA Data Brief, 2013. "Asian Americans and Pacific Islanders in the United States Aged 65 Years and Older: Economic Indicators."

15 Lee, Eun Jeong, and Nam, Yunju (2014). Financial Well-being Among Low-income Asian Older Workers: Evidence from Senior Community Service Employment Program Participants. National Asian Pacific Center on Aging.

16 Gonzalez-Rivera, Christian, Giles, David and Robinson, Gail (2013). The New Face of New York's Seniors. Center for an Urban Future.



An older Chinese community member called the Chinese American Service League (Chicago, IL) to inquire about a recently published article about utility scams. She said she had just signed a document that was brought by someone who knocked on her door and said they could help her save money on electricity if she shared her power company utility bill. This person then told her to sign a document which she didn't understand since it was in English, and informed her she would start saving money soon. The staff at CASL asked this elderly woman to bring in the document, and found that it was from an alternative power supplier which provided her a plan with a lower rate initially, which would balloon later to a much higher rate. CASL was able to help this senior call the company and cancel her enrollment within the 3-day grace period.

## FINDINGS

*FINDING #1: Language and culturally-appropriate services and products, from trusted sources, are critical to ensuring low-income, elderly AAPI can participate in the financial mainstream*

*Access to Information, Products and Services:* Of the Financial Services Survey respondents, 97% of those aged 50 and older were born in another country, with 26% living in the US for less than a decade. This indicates that National CAPACD's members are serving a significant number of elderly immigrants, many of whom are relatively new to the US and are likely linguistically isolated - not to mention also culturally unfamiliar with mainstream American financial systems, concepts and services. This is confirmed by the Senior Financial Capability survey/interview results, in which National CAPACD members reported that an average of 90% of their older AAPI clients required services in a language other than English.

These language and cultural barriers further exacerbate economic conditions for those already living in poverty, as indicated by the following findings from the Financial Services Survey:

- When compared with the age 25-35 cohort, AAPI seniors were approximately four times (4x) more likely to conduct banking services mostly in their native language.
- Twenty-nine percent (29%) of low-income AAPI seniors surveyed by National CAPACD's members don't know who to turn to for financial advice or information.
- For those over the age of 50, location/distance was the number one factor in choosing a bank (67%), as well as for the other age cohorts, only to be followed by

ability to communicate in native language (51%), then customer service, and feeling welcome.

- Despite the fact that the majority of AAPI seniors surveyed had a checking and/or savings account (88%), it is important to note that this age group was also the most likely in comparison to other age cohorts to not know if they had an account at all, and to not have a bank account (8%).
- Compared to other age cohorts, 50+ have the highest rate (45%) of not owning credit cards, and had the highest rates of using cash for daily transactions and paying bills.

*Fraud, Scams and Predatory Services and Products:* Limited English proficiency not only creates linguistic and economic isolation for many low-income AAPI seniors seeking financial services and products, but it also contributes to greater vulnerability to fraud, scams and predatory alternative financial products and services. In fact, the Senior Financial Capability surveys/interviews conducted with National CAPACD's members revealed that fraud and scams were ranked highly as an area of priority for future financial capability programs.

Although the Financial Services Survey found low usage rates of alternative financial products or services (2% payday, 2% pawn shops) amongst elderly AAPIs, National CAPACD believes that high rates of poverty, lack of retirement savings (described further in the next section) and lack of access to emergency funds would most certainly contribute to a greater susceptibility to frauds, scams and predatory products. This survey found that:

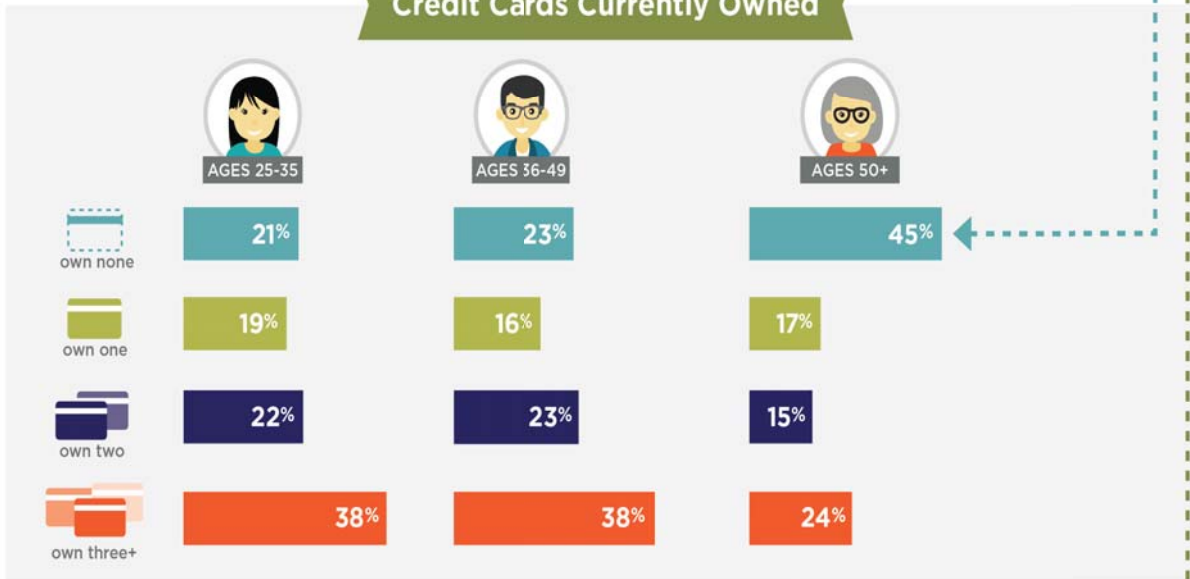
- 28% of seniors did not know where they could raise emergency funds in the future if

## Use of Financial Products

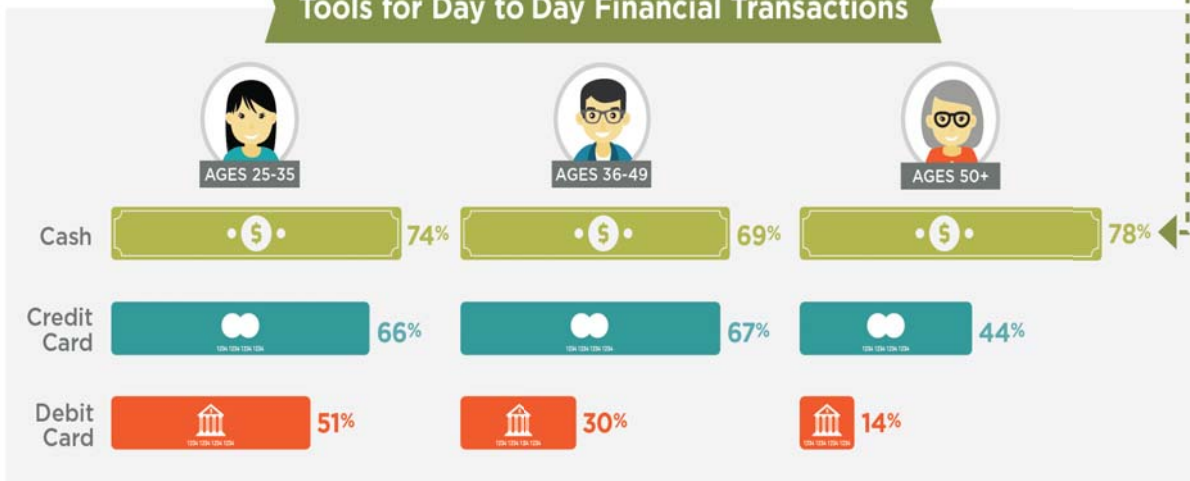
AAPI seniors are more financially isolated because of language barriers. Compared to other age cohorts,

**50+ have the highest rate of not owning credit cards, and had the highest rate of using cash for daily transactions and paying bills.**

### Credit Cards Currently Owned



### Tools for Day to Day Financial Transactions



In 2015, Hawaiian Community Assets (HCA) attempted to launch use of the Lending Circle financial product, which required all clients to have an email account and enroll on-line. HCA was able to quickly recruit over 20 clients to participate in this program (a number of whom were elderly), but took several months to actually enroll clients due to the time intensive nature of helping all clients sign up for e-mail accounts, and then upload the required documentation into the new platform. Despite the fact that 100% of the HCA clients were English-speaking, many struggled with technology illiteracy or lack of access to technology, or had serious concerns regarding security and the impersonal nature of using technology for highly sensitive financial services. These concerns were echoed by other National CAPACD members whom were similarly participating in the same program that worked with recent refugee groups whom had neither the language capacity nor technology literacy to enroll in this product on their own.

they needed it, or doubted if they could raise the funds at all.

- 11% of seniors would use credit card advance to raise emergency cash, placing them at risk of paying compounding, high-interest loans.

*Technology:* Concerns about security also extend to on-line banking and use of technology. The Financial Services Survey revealed that the 50+ age group is most unlikely to use on-line services. Compared with younger age cohorts, these seniors were less likely to use on-line searches and bank websites, and are most likely to use in-person services and banks/financial employees for financial advice. In fact, almost 70% of respondents age 50+ relied on in-person banking for their savings activities – further reinforcing the importance of bricks and mortar bank locations.

Although this aversion to using technology-based financial services may partially be attributed to age, it should be duly noted that language access for many AAPI populations remains fairly limited within new technological platforms. Although ATMs may now have services available in Asian languages such as Chinese and Korean, newer immigrant groups (such as Bangladeshi or Burmese) are often not able to access such services in their own language. In this same vein, on-line banking is often not available in languages other than English and Spanish, and communications sent to clients via email are often only in English.

#### **OPPORTUNITIES FOR ACTION**

1. Increase investment in trusted, reliable, language-appropriate resources to meet

the needs of low-income AAPI elderly, including in the capacity building of existing community-based resources. As financial institutions and policy makers seek to increase financial inclusion for older adults, careful consideration should be given to the role that community based organizations can play as the link to the financial mainstream for many low-income AAPI elderly. These organizations are often all at once the interpreter and translator, the educator, the advocate, and the coach – and serve as a natural bridge to currently under-served populations. But it is also critical to value and invest in



these organizations with both operating and programmatic resources.

2. Increase language and cultural accessibility at financial institutions. This includes hiring multi-cultural staff and expanding translation to enhance bank communications and customer service. Understanding that the accessibility to bank institutions and customer service



## FINDINGS (CONTINUED)

rank as the highest factors for AAPI seniors in choosing a bank relationship, financial institutions should maintain bricks-and-mortar locations to continue accessibility to financial services and products for AAPI seniors. And, invest in linguistically-and culturally-appropriate education for AAPI seniors on instructional use and security of financial services technology. Such trainings should be easy to understand (step-by-step) and incorporate a more hands-on approach.

3. Strengthen financial services regulation and oversight of consumer products and their cultural and linguistic accessibility. The CFPB and other regulatory agencies should strengthen their evaluation criteria of financial institutions by incorporating requirements around provision of in-language notification and communications. In addition, consumer protections should be strengthened as they relate to payday lending, alternative financial services, credit cards, and other consumer products that target seniors.

*FINDING #2: AAPI elderly have a limited safety net, acquired both through public and personal means, and require greater support in accessing, preserving and building these resources.*

*Income, Savings and Public Assistance:* While many seniors experience economic insecurity, an analysis of US Census Bureau data by Wider Opportunities for Women (WOW) found that Elder Economic Insecurity Rates were particularly high amongst communities of color. Sixty-two percent (62%) of Asian-headed households lack incomes that allow basic economic security (calculated based on the cost of basic and necessary living expenses and allow seniors to age in their homes, without relying on public assistance programs, loans or gifts).

Undoubtedly, disparities between Whites and communities of color in income earned during working years contribute to lower income

during retirement, including lower Social Security benefits. This is further supported by data released by the AARP in 2012, which found that older Asians are less likely than Whites, African-Americans and Latinos to have income from Social Security – at a rate of only 66% (as compared to 86.5%, 78.6% and 73.4% comparatively)<sup>17</sup>. This same report also found that similar to other elders of color, older AAPIs were also far less likely than Whites to have income from pensions and retirement savings (only 16% of AAPIs elderly reported having a pension or retirement savings). By comparison, National CAPACD’s Financial Services Survey found even fewer (5%) respondents age 50+ who reported having an employer-sponsored retirement account, further validating that lower-income individuals and more recent immigrants less likely to have access to these retirement accounts.

National CAPACD’s Financial Services Survey also identified uneven savings behavior for low-income elderly AAPIs – 65% responded that they save money by depositing funds into a bank account. Seventeen percent (17%) reported not saving money at all. Saving for the elderly is understandably a challenge on a limited or fixed income, though of those responding to National CAPACD’s survey - 29% were retired, and 48% were still employed, and 9% were unemployed/temporarily out of work.

This data highlights the importance of helping seniors to build retirement savings. But with limited ability to save, many low-income AAPI seniors require public assistance. The US Census estimates that 14.1% of AAPI elderly depend on SSI as a regular source of income. A separate analysis by the US Census Bureau found that the 2012 average monthly participation rate in means-tested public assistance was 17.8% for Asian Americans and

**Finding #2: AAPI elderly have a limited safety net, acquired both through public and personal means, and require greater support in accessing, preserving and building these resources.**

<sup>17</sup> Wu, Ke Bin. (2012). Sources of Income for Older Americans Fact Sheet, AARP Public Policy Institute

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Pacific Islanders<sup>18</sup>. But as stated previously, this reliance on public assistance for income in old age perpetuates the cycle of poverty through restrictive asset limits that prevent seniors from building savings for emergencies or their long-term well-being.

National CAPACD's members play a critical role in helping AAPI seniors to create an economic safety net and provide education to low-income elderly whom may not be aware of their eligibility for a variety of local and federal public assistance programs. Members report in the Senior Financial Capability survey that the top service types provided to AAPI seniors were: health insurance screening/enrollment, language assistance, education services (including ESL, citizenship), info/referrals for family caregivers, and public benefits screening.

However, it is important to note that with decreasing political support for social safety-net programs, and constantly changing criteria for qualifying for aid, public assistance is an inconsistent and unreliable form of income for AAPI elderly households. Thirty-two percent (32%) of respondents to the Financial Services Survey were not US citizens – significantly limiting access to asset building opportunities as well as public benefits. Also worth restating is the disincentives to building wealth created by asset limits that determine eligibility for public assistance – forcing many low-income seniors to live at the poverty level out of necessity.

*Client story:* Chinese Community Center in Houston, TX shared the following story of one of their clients that best illustrates this dynamic. Mr. G. worked and raised his children in the United States for more than 20 years. He received about \$850/month in social security and was a dedicated saver. When he retired he moved in with his children to save money as they paid for most of his expenses. As he aged he needed more care than his

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18 Irving, Shelley K. and Tracy A. Loveless, US Census Bureau, US Department of Commerce Economics and Statistics Administration, Dynamics of Economic Well-Being: Participation in Government Programs, 2009-2012: Who Gets Assistance? (May 2015)

children could provide, but his \$23,000 in savings disqualified him from all assistance (SSI, SNAP, Medicaid, Medicare Savings Program). While he had been carefully saving his entire life, the \$23,000 would only pay for about six months in a nursing facility. He was even disqualified from receiving legal aid to assist him in planning an asset spend-down strategy that would avoid triggering Medicaid disqualification periods.

Asset barriers can be particularly taxing for SSI beneficiaries in Texas, where the asset limit is only \$1000. For someone who temporarily breaks that threshold and loses their SSI benefits for a few months while they spend down their assets, the consequences can quickly snowball -- because in Texas SSI is tied to Medicaid eligibility for seniors. A senior who temporarily loses SSI can also temporarily lose Medicaid and quickly face rising medical debt, which they are almost certainly unequipped to handle on their monthly SSI check.

*Housing:* Secure and stable housing is a fundamental element of the economic security of older Americans. National CAPACD's housing counseling network boasts 19 organizations across the country that engage low-income clients in a variety of services that include homeless prevention, rental housing counseling, pre-purchase homeownership education and counseling and foreclosure prevention. Many of these organizations serve seniors whom are at risk of displacement.

In Washington DC's Chinatown, the case of Museum Square Apartments illustrates the significant instability that seniors face in quickly gentrifying cities. The complex's Section 8 Housing designation expired in 2015, and the owners did not renew the contract. Instead, they intend to replace the building with luxury, market rate apartments. At an estimated price of \$800,000 per unit, these tenants with incomes of barely \$30,000 suddenly face displacement and housing insecurity. Over 300 low-income families live in the building, many of whom are older Chinese immigrants with limited English

## FINDINGS (CONTINUED)

proficiency. Tenants were given vouchers to help them remain in the building or relocate, but many fear they will not be able to find anything affordable in the area. This would force tenants to move to the suburbs, far from Chinatown and the resources they rely on, and potentially have negative impacts on their health and increase social isolation.

This story mirrors the housing experiences of Seattle’s International District residents shared in the opening paragraph of this report, and many more low-income, elderly AAPIs around the country. The WOW report, *Living Below the Line – Economic Insecurity of Older Adults* revealed that 36% of elderly AAPIs were found to be living in rental housing. This places them at great risk for displacement by increasing housing costs in their local market. In fact, a large percentage of AAPI seniors live in major urban areas with high costs of living (almost 50% of all poor AAPIs living in the 20 most expensive real estate markets in the country<sup>19</sup>) making it increasingly difficult for seniors on fixed income to be able to age in place. WOW’s report found a 90% elderly economic insecurity rate for AAPI elderly renters, undoubtedly for this very reason. Economic insecurity is experienced by elderly seniors who own their homes. Data from the

<sup>19</sup> Ishimatsu, Josh, Spotlight on AAPI Poverty, National CAPACD, 2013

### Access to Affordable Senior Housing

With 36% of AAPI seniors reporting they lived in rental housing, access to affordable housing was cited as a primary factor that significantly influenced financial security for AAPI seniors.



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Financial Services Survey found that 55% of those over the age of 50 reported having some sort of debt, with 19% citing housing-related debt (eg – mortgage, home equity loan). This data closely corresponds to the data reported by WOW, which found that 19% of older AAPIs (defined as those age 65 and older) owned a home but carried a mortgage.

A number of additional financial capability factors may contribute to housing stability for AAPI seniors, including their understanding and knowledge of credit issues. Of the respondents to the Financial Services Survey, the age 50+ cohort were least likely to know their credit score (76% didn't know or didn't know if they knew), and also least likely to own a credit card (45%). But understanding and having good credit is important for many reasons – among which includes being able to secure rental housing. The CFPB's report Data Point: Credit Invisibles in fact found that Asians older than 60 were more likely than Whites to be credit invisible:

- Older Asians were more likely than Whites to have stale-unscored credit records
- Older Asians were more likely than Whites to have an insufficient-unscored credit report
- Asians older than 54, are less likely to have credit records than Whites.

## OPPORTUNITIES FOR ACTION

- 1) Continue to preserve access to culturally and linguistically appropriate housing counseling, financial education, and public benefits screening services offered by community based organizations. Invest in programs that integrate financial capability with other immigrant integration services aimed at serving AAPI seniors. These programs should focus on credit awareness and protection from predatory lending.
- 2) Protect and expand the social safety net programs (SSI, food stamps, adult day health care centers, etc.) to include greater numbers of AAPI seniors. This includes expanding eligibility requirements to Medicaid and SSI to include individuals regardless of immigration status. Another example would be to expand eligibility of Earned Income Tax Credit to workers over 65. Both would greatly expand the accessibility of safety net services and support the financial security of a greater number of AAPI seniors.
- 3) Reform asset limits on safety net programs such as SNAP, TANF, LIHEAP, SSI, and Medicaid. Asset limits remain a major barrier to economic security for many AAPI seniors to achieving economic self-reliance. We recommend reforming asset limits to offer greater flexibility for seniors to maintain a modest pool of savings for retirement.
- 4) Develop financial products that meet both short- and long-term financial needs of seniors. For example, programs such as the myRA can support tax-deferred retirement savings for seniors that may not have access to employer sponsored retirement accounts. Financial institutions can develop products that can help seniors to meet their short term financial needs (i.e. medical bills) that protect seniors from turning to predatory alternative financial products.

## FINDINGS (CONTINUED)

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*FINDING #3: Families continue to play an important role in the support of low-income AAPI elderly, and thus, greater consideration should be given to the role of family in decision-making and money management when developing asset building-related programs and policy.*

*Family As Caregiver:* “Many AAPI senior clients that our organization serves are first-generation immigrants and refugees. In addition to language and cultural barriers, they face limited resources and lack of information on financial literacy and access to the aging network. We have seen many of them retire first and try to figure out how to sustain self-sufficiency afterwards. Also we find many AAPI seniors spend their financial resources for their grown-up child(ren) rather than prepare their own retirement and expect him/her(them) to provide safe-net/caregiving (filial piety) when they retire.” – Center for Pan Asian Community Services

“I have seen seniors taken advantage of by their children. I have also seen the battle of the family when a senior resident dies and they want the security deposit and personal effects, but that there’s no will/other documentation, other paperwork establishing the relationship.” – Seattle Chinatown International District Preservation and Development Authority

“In the Japanese American community, we see that many of the adult children have become “successful” and live far away from their aging parents.

Japanese immigrants may have few if any family members living in the US. As these older adults, living on their own, age and outlive their peers, they grow increasingly isolated and susceptible to financial predators. In addition, in many Asian cultures, it’s taboo to ask about finances, so we find that a lot of people have not planned ahead with tools like Power of Attorney, etc.” – Little Tokyo Service Center

These stories from National CAPACD members illustrate the complexity of how adult children of elderly AAPIs are engaging in the care of their aging parents – regardless of whether or not they live in the same household. This particular topic is deserving of more research, as little data exists. National CAPACD’s Financial Services Survey did not ask questions related to caring for an elderly parent, nor did the survey ask questions related to the experience of being cared for by an adult child.

*Multigenerational Households:* An examination of the living arrangements of Asian American and Pacific Islander households reveals the necessity of a whole-family, multi-generational approach to creating household financial capability:

- As of 2010, forty-three percent (43%) of AAPIs reported that they live in a household with three or more generations, making them more likely than any other ethnic group to be living in a multi-generational household.<sup>20</sup>
- Hawaii has the highest percentage of multi-generational households at approximately 11% of all family households in the state.<sup>21</sup>

<sup>20</sup> Taylor, Paul, Jeffrey Passel, Richard Fry, Richard Morin, Wendy Wang, Gabriel Velasco, and Daniel Dockterman.

<sup>21</sup> Lofquist, Daphne A. (2012). Multigenerational Households: 2009-2011, American Community



“As you walk through our Hawaiian Homelands communities, you see there are no sidewalks, no grocery stores, and no banks. Instead you see dilapidated homes falling down around our kupuna (elders) as they struggle to pay their mortgage with a \$685 monthly social security check, all while being too proud to ask their kids and grandkids for financial help. You see families of 20, 30 people spanning 4 generations living together under one roof and in tents in the yard so they can afford to live on their ancestral lands while they pay the highest gasoline, electricity, and housing. Loan rescue scammers and predatory lenders compete with government-certified financial educators selling our people on too-good-to-be-true offers that result in greater housing instability and loss of homes to foreclosure.” – Hawaiian Community Assets

- Among those living below the poverty level, 36% of Asian seniors in households were living alone – which is lower than the general older poverty population. This means poor Asians were more likely to be living with other family members, whether it is their spouse or their children.
- This same report sites that 33% of AAPI elderly women live with relatives, as compared to the 8% of AAPI elderly men who live with relatives.<sup>22</sup>

Adult heads of households are thus not only managing finances for their children, but potentially also an older adult family member – likely with significant health needs or with a fixed income. These adult heads of households may be the language and cultural link for their aging parents to the financial mainstream, or they themselves may also be struggling to navigate a complex US financial system. For recent immigrants in multi-generational households, children or youth whom are the only English speakers in the household may in fact take on responsibility for understanding and managing various aspects of the family’s finances.

This is corroborated by National CAPACD’s findings in the Financial Services Survey, whereby 30% of those 50 years and older would turn to family and friends for emergency funds. Twenty percent (20%) turn to family or friends for financial advice.

Such dynamics make it critical for new approaches that acknowledge this

complexity of AAPI households, including the introduction of multi-generational co-learning opportunities and access to products and services that meet the needs of multiple household members.

#### OPPORTUNITIES FOR ACTION:

1. Capitalize on socially oriented forms of support in the design of savings and credit building products. Product design should consider the familial unit beyond the household and beyond just two generations.
2. Invest in programs that integrate financial capability with other social services targeted toward seniors and their families, including health, caregiver services, and family programming. Program design and curriculum should include an expanded definition of ‘family’ in financial education and coaching approaches to more broadly include adult children and caregivers of elderly.
3. Promote a caregiver tax credit on both the state and federal level to offer financial support for individuals taking care of parents, grandparents, family members, etc. The State of California previously had a tax credit for care givers (expired 2005) and various federal legislation has been proposed (CARE ACT 2010) – but with little action.

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Survey Briefs. US Census Bureau.  
22 “A Statistical Profile of Older Asians.” (2014).  
US Department of Health and Human Services,  
Administration for Community Living.

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## CONCLUSION

Low-income Asian American and Pacific Islander seniors live not only outside the financial mainstream, but it may be argued that they are in fact invisible to most practitioners, policy makers and even asset-building advocates. Findings on Financial Security for AAPI Seniors and their Families seeks to draw greater attention to their needs through data and stories collected from National CAPACD's membership, and further validate these findings with existing published data, limited as it may be. It is evident that greater investment must be made into understanding and documenting the particular and unique financial challenges that AAPI elderly face in accessing and utilizing financial products and services to increase their economic security.

The Opportunities for Action outlined for each finding of this report highlight a variety of programmatic, product and policy considerations for those seeking to increase the financial inclusion of the thousands of low-income AAPI elderly in the United States. Several recommendations, such as tax reform, will require significant political will and movement building. Others have already gained steam at the local and national level, including those that are focused on multi-generational approaches to building household financial security.

Although this research focuses specifically on AAPI elderly as individuals, this report also attempts to highlight the importance of strengthening family and community in building economic security for this vulnerable population. The stories interspersed throughout weave together the importance of the roles that family, community organizations, and neighborhood play in ensuring that AAPI seniors can age in place, with dignity and with a strong network to support them.

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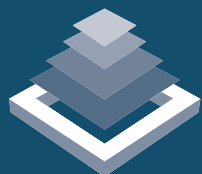
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