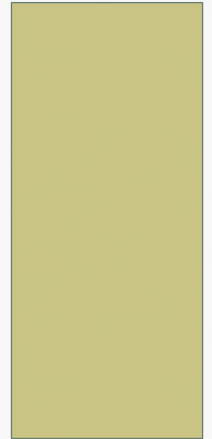


IMMIGRANT OLDER ADULTS:  
POVERTY, ASSET HOLDING, FINANCIAL  
ACCESS, AND PUBLIC POLICY

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# IMMIGRANT OLDER ADULTS: A GROWING POPULATION

- The proportion of immigrants among older adults has increased for the last decades

Year	% of Foreign-born individuals among older adults
1990	8.6%
2003	10.8%
2007	11.5%
2050 (projected)	19%

# IMMIGRANT OLDER ADULTS: AN ECONOMICALLY VULNERABLE POPULATION

- Immigrant older adults are economically vulnerable due to immigrants' position in the labor market :
  1. Immigrants median earnings are lower than their native counterparts
  2. Immigrants education credentials are seldom recognized as comparable to those obtained in the United States.
  3. Many Immigrants are not eligible for Social Security benefits, as they are less likely to have contributed to the Social Security system for 40 quarters (10 years) or more.
  4. An inferior position in the labor market also reduces immigrant older adults' chance of receiving retirement benefits through employment as well as pensions and 401 (k) programs

## IMMIGRANT OLDER ADULTS: ECONOMICALLY VULNERABLE POPULATION IN THE U.S.

- Immigrant older adults' income is lower than that of native older adults (Native-immigrant income gap =30%)

	Immigrant Older Adults	Native Older Adults
<b>% with Social Security Benefits</b>	71.2	91.0
<b>% with Non-Social Security Retirement Income</b>	21.9	40.0
<b>% with Investment Income</b>	20.1	34.1
<b>Poverty Rate</b>	16.8	9.8

## IMMIGRANT OLDER ADULTS: A GROWING AND ECONOMICALLY VULNERABLE POPULATION

- Immigrant older adults face particular situations that create unusual social and economic challenges, yet this group is also under-recognized, with relatively little research and policy discussion.
  - The lack of government policies
  - The lack of financial institutions' efforts

# INSTITUTIONAL BARRIERS: GOVERNMENT POLICY

- The U.S. government has only Immigration policies, but **no immigrants policies**.
- Policy debates and decisions based on a cost-benefit calculation of immigration
  - When benefits from immigrants are estimated to outweigh cost, the United States opens its door to newcomers while closing its door when the cost seems to exceed the benefits.
- The U.S. policy discussion has focused mainly on how many immigrants should be admitted and what types of immigrants should be permitted in the country

# INSTITUTIONAL BARRIERS: GOVERNMENT POLICY

- Cost-benefit calculations also affect who is admitted.
- The “public charge” doctrine  
Ex : The Immigration Act of 1882 prohibited immigrants who are suspected of not being able to support themselves and at risk of becoming public charge (on welfare) from entering into the United States



# INSTITUTIONAL BARRIERS: GOVERNMENT POLICY

- U.S. government has rarely paid attention to immigrants after their entry (No comprehensive policy to facilitate immigrants' adjustment to the new country.
- Two assumptions:
  1. Employment-based Immigrants have the skills and resources necessary for adjustment into new environments .
  2. Those who came through family unification are expected to rely on their kin.



## INSTITUTIONAL BARRIERS: GOVERNMENT POLICY

- Recent anti-immigrant policy development  
Personal Responsibility and Work Opportunity  
Reconciliation Act of 1996 (PRWORA, P.L. 104-193)  
Noncitizen eligibility restrictions on public assistance  
programs, including Supplemental Security Income  
(SSI) and Medicaid

## INSTITUTIONAL BARRIERS: LABOR MARKET DISADVANTAGE

- On average, immigrants have a lower level of education and skills.
- Education and skills attained in foreign countries do not carry the same weight or have the same credentials as those obtained in the U.S.
- Many immigrants have language issues (e.g. accents and poor English proficiency)
- No governmental intervention to improve immigrants' position in the labor market

## INSTITUTIONAL BARRIERS: FINANCIAL SYSTEM

- Lack of access to mainstream financial services and credit markets

The percentage of unbanked individuals

Immigrants	Native-Born Individuals
(32.3%)	(18.5%)

- Much larger native-immigrant gaps for other types of financial services, such as **savings accounts**, **retirement savings**, and **stock ownership**

## INSTITUTIONAL BARRIERS: FINANCIAL SYSTEM

- Barriers to mainstream financial services:
  1. The high financial costs of banking services (e.g. high maintenance fees required for checking accounts and a minimum-balance requirement)
  2. Poor or no credit history
  3. Inconvenient locations and hours of operation
  4. Documentation requirements (e.g. Social Security number)
  5. Linguistic barriers and unwelcoming or intimidating atmospheres at financial institutions

## INSTITUTIONAL BARRIERS: FINANCIAL SYSTEM

### Cultural factors

- Immigrants from countries with fragile financial infrastructure distrust banks and credit.
- Religion and cultural belief sometimes impose barriers to financial incorporation among immigrants.
  - Ex: Muslims are not allowed to pay or receive interests by their religious tenets. Accordingly, standard financial products such as savings accounts and mortgages do not serve Muslim immigrants.

## INSTITUTIONAL BARRIERS: FINANCIAL SYSTEM

- A lack of financial knowledge and management skills among immigrants
- A qualitative study indicates that low-income, low-educated immigrants have difficulties in understanding financial systems (e.g., the roles of credit history) and financial products (e.g., mortgage products) without financial guidance provided by community-based organizations



# EMPIRICAL EVIDENCE: IMMIGRANTS AND ASSETS

- Immigrants have lower levels of asset ownership than natives for all types of wealth, reflecting institutional barriers to financial incorporation
- The median net wealth of natives is 2.5 times that of immigrants' among couples, whereas that of natives is three times immigrants' among single individuals
- Multivariate analyses estimate that the native-immigrant gap is \$21,000 among couples, and \$16,700 among singles when demographic and socioeconomic characteristics are taken into account.



## EMPIRICAL EVIDENCE: IMMIGRANTS AND ASSETS

- Immigrants' asset ownership differs greatly by age, age at immigration, race and ethnicity, and their country of origin
  - White and Asian immigrants' net worth level is much higher than that of Black and Hispanic immigrants' throughout adulthood (ages between 25 and 75).
  - Immigrants from Europe have the highest levels of net worth among immigrants, followed by those from Asia.

# EMPIRICAL EVIDENCE ON OLDER IMMIGRANT ADULTS

- A small number of empirical studies on immigrant older adults' economic well-being focus mainly on income and poverty, not assets and financial capacities
- A small number of empirical studies on immigrants' assets and financial capacities focus mainly on younger immigrants.

# NEW (PRELIMINARY) EVIDENCE ON OLDER IMMIGRANT ADULTS (CPS)

	Natives	Immigrants						
		Immigrants Total	By Citizenship Status		By Length of Stay		Age at Entry	
			Naturalized Citizens	Non-citizens	Established Immigrants	Recent Immigrants	55 or Younger	After Age 55
% in sample	88.95	11.05	7.81	3.24	10.38	0.67	8.53	2.52
Home Owner (%)	84.38	71.09	74.97	61.74	72.14	54.87	76.51	52.75
With Asset Income (%)	60.81	48.24	52.18	38.73	48.95	37.35	52.39	34.19
Asset Income Mean	\$4,529	\$3,212	\$3,700	\$2,034	\$4,529	\$3,212	\$3,677	\$1,637
Median	\$103	\$0	\$6	\$0	\$0	\$0	\$6	\$0

# SUMMARY AND RECOMMENDATIONS

- The economic vulnerability of immigrant older adults.
- In comparison to native older adults, immigrants have lower rates of Social Security benefits and private retirement benefits due to labor market disadvantages imposed upon immigrants at earlier lives.
- As a result, a higher portion of immigrant older adults have an income below poverty thresholds than their native counterparts.
- Among immigrant older adults, noncitizens, recent immigrants, older-age immigrants, and those from non-European countries (members of racial and ethnic minority groups) are more vulnerable economically.

# SUMMARY AND RECOMMENDATIONS

- The U.S. government has not developed active resettlement policies for immigrants, except for refugees
- The private financial sector has not been committed in removing obstacles in using mainstream financial services experienced by immigrants
- Immigrants' asset ownership is lower than their native counterparts, even those with comparable socioeconomic characteristics
- It is expected that low levels of accumulated assets at a younger age result in insufficient savings and assets among immigrant older adults.

# SUMMARY AND RECOMMENDATIONS

- Policy implications and Recommendations:
  1. To remove institutional barriers to financial incorporation and asset-building among immigrants (e.g., recent efforts to develop alternative identification to social security number).
  2. To develop asset-building and financial capacity-building programs for vulnerable immigrant older adults, especially for recent immigrants, immigrants at later life stages, and those from non-European countries.
  3. To develop asset-building programs in collaboration with community-based organizations (CBOs) serving immigrants (for culturally-sensitive programs)



# SUMMARY AND RECOMMENDATIONS

4. To conduct empirical studies on assets and financial capacities among immigrant older adults.

- a) How many assets and what type of assets do immigrant older adults own?
- b) What percentage of immigrant older adults have an access to mainstream financial services, such as bank accounts and credit cards?
- c) What is level of financial knowledge among immigrant older adults in general?
- d) What percentage of immigrant older adults have economic resources enough for retirement?



# SUMMARY AND RECOMMENDATIONS

5. To collect and disseminate information on innovative interventions (e.g., alternative identifications and financial education designed for immigrants) and evaluate their effectiveness. To identify promising approaches, assess effects of these innovative approaches, and disseminate findings of these evaluations.