

# The Role of Family in Hispanic American Financial Planning

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More than half of Americans are living paycheck to paycheck and household debt has risen to \$12.68 trillion in 2017, a peak that has not occurred since the Great Recession of 2008. According to Northwestern Mutual, fifty-eight percent of Americans believe their financial-planning efforts need

improvement. Record high credit card and student loan debt combined with lack of savings for emergencies and retirements (The Federal Reserve, 2017) have necessitated a need for a better understanding of financial planning. As financial planning falls under the domain of financial well-being, it is important for marketers in wealth management to conduct research about consumer choice in such areas as insurance preference and investment portfolios, among others.

Thus far, research in financial planning has focused on an individual's financial knowledge or financial literacy as the main antecedent to future-oriented financial planning. In other words, prior research has mainly viewed whether or not a consumer makes a financial plan for their future (e.g., retirement, college education) as a function of how well they are informed about financial products. Some research has also investigated the emotional aspects of consumers in their financial decision making or in their financial well-being and satisfaction. While one's knowledge about financial products and one's emotional status are important factors, these works have overlooked a person's value system that might impact their future-oriented financial planning behavior. Much of the planning toward future financial health in retirement, college education, and life insurance rests on how much one values their own immediate and extended family. Missing from the extant research is an investigation that captures cultural values as an antecedent to future-oriented financial planning.

Investigating cultural values in financial behavior is particularly important in the United States. U.S. is a very diverse country with many ethnic groups. These ethnic groups are laden with diverse cultural values. One such group is Hispanic Americans. Hispanic Americans are the largest and fastest growing ethnic group in the United States. From 2000 to 2010, Hispanic Americans had a 43% increase in population, and are expected to grow 167% from 2010 to 2050. There is an urgent need for financial service managers to understand this ethnic group in their behavior as there are limited

conclusive research findings other than that they are reported to behave differently than non-Hispanic groups. There is a lack of research that investigates the causes of WHY this group act differently than non-Hispanic consumers in the U.S, particularly when it comes to their choices of financial services.

One of the most distinguishing aforementioned features of Hispanic culture is its collectivist and family-centric cultural value, known as familism. Familism is the most important value in the Hispanic culture when compared to other cultural values. Because of this cultural value, many Hispanic Americans have extensive strong family ties and multigenerational relationships. As a result, financial matters are often viewed as family matters that are influenced and supported by parents, grandparents, and relatives. We therefore suggest that it is appropriate to investigate familism as an important factor in Hispanic consumers' financial planning. Consider the following questions:

1. What are your thoughts on this topic?
2. Are there other cultural values that could have an influence?
3. Can you relate to this topic?
4. What are some managerial implications of this suggestion to incorporate familism when trying to understand/influence Hispanic American financial planning behavior?