



Confianza, Savings, and Retirement:



A Study of Mexican Immigrants

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Karen Richman, PhD
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The three wavy lines shown here are a symbol from ancient times representing the human intellect in action. From *The Book of Signs*, collected, drawn, and explained by Rudolf Koch (London: The First Edition Club, 1930, page 8).



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Summary

One in ten Americans today is of Mexican heritage. The fastest growing ethnic group in the United States, Mexican Americans are both younger and expected to live longer than the general population. The retirement security of this relatively young, longer-lived, and growing segment of our population is vital to the future of our nation as a whole. Yet Mexican Americans, who are two-thirds of the Hispanic or Latino population, have lower savings and pension participation rates than any other major demographic cohort in the United States. They are less likely to work for employers who sponsor pensions. But even when they are eligible for employer-sponsored retirement savings programs, they are less likely to take full advantage of the opportunity, either by compromising their program savings or by foregoing participation altogether. Understanding the reasons for this pattern is crucial to devising communication programs and policies that will help increase immigrants' financial literacy and the likelihood of retirement coverage.

This case study examines the social, cultural, and economic factors influencing Mexican immigrants' savings and preparedness for retirement. The research was conducted in 2009 and 2010 in Chicago, Illinois, where people of Mexican origin account for 17 percent of the population. The study was sponsored by the National Foundation for Financial Education (NEFE) and builds upon previous research undertaken with support from NEFE (Richman, Barboza, Ghilarducci, and Sun 2008 and Ghilarducci and Richman 2008). Our previous study called attention to the looming crisis in Latinos' preparation for retirement. In just three years, this critical point has arrived. The Great Recession has taken a particularly devastating toll on Latinos' abilities to prepare for retirement. Between 2005 and 2009, Latino households' assets fell at a staggering magnitude of 66 percent, from \$18,359 in 2005 to \$6,325 in 2009, compared to a 53 percent decrease for black households and a 16 percent decline for white households (Kochhar, Fry, and Taylor 2011). Addressing Latinos' retirement security is an urgent national priority. With the project's new findings, public policy and decision makers, financial educators and advisors, employers, labor organizations, Latino groups, and the public at large can be better informed and equipped to make decisions that affect our nation's youngest, longest-lived, and fastest growing labor force.

Even though Mexican immigrants in Chicago earned approximately 64 percent of the income earned by whites (US Census 2010), their lower retirement savings and pension participation cannot be explained by economic factors alone. Conventional economic theory attributes low retirement accumulation to poverty and insufficient lifetime resources. Attention to how cultural, social, and transnational factors influence savings can complement and transcend conventional approaches to retirement research. The product of a unique partnership between an anthropologist and economist, this interdisciplinary study of the economic and non-economic factors affecting retirement savings has broad application beyond Mexican immigrants in Chicago, who are the focus of the research. Its replicable approaches and transferable methods can be used to illuminate how social norms and cultural values affect savings and retirement of other vulnerable and special populations.

This collaborative research demonstrates that Mexican Americans often build "social wealth" as a substitute for financial assets in their retirement planning. They make economic choices about how to build assets and resources based on non-economic factors. They "invest" in people (with the expectation of future return) through contributing gifts, services, money, time, as well as affective support. *Confianza*, meaning a "bond of mutual trust," is the word Mexicans use for the intangible

resource or cultural capital that carefully builds to establish social wealth and security (Vélez-Ibañez 1983, 10). Trading on *confianza*, Mexican immigrants regularly offer and receive interpersonal loans of money, and many participate in *tandas*, or informal rotating savings and credit associations. Moreover, this informal banking system uses both old and modern financial technologies and instruments. People lend and borrow not only cash but also “loan their name” as collateral for others’ obligations and share invested funds, including retirement pension savings.

Mexicans’ culture of interdependence or collectivism, their extended family households, and their transnational social networks are key determinants of how they define investment and prepare—or do not prepare—for retirement. Mexican immigrants coming from rural backgrounds generally do not arrive with a concept of retirement, an idea that emerged in the context of individual wage employment in bureaucracies and corporations. Many Mexican immigrants arrive with an experience of family enterprises and family farms and an expectation that seniors will remain with and receive support from their adult children and extended family members.

These cooperative patterns have been helpful tools for immigrants and their US-born children to cope with the prolonged recession. The third generation, who tend to be more assimilated to mainstream American norms of self-reliance, value individual social, spatial, and economic independence in the present and in their vision of future retirement. Like so many vulnerable members of the shrinking middle class in America today, they may lack both the financial resources to sustain the ideal of individual self-reliance and the cultural capital—the *confianza*—to exchange mutual aid with others. Their predicament is summarized by Richard Sennett (2011), who, reflecting on a half-century of sociological research on American communities, finds that “people don’t cooperate with each other. They’ve lost the desire to do so and the skill that cooperation requires, so when things fall apart, they react as if it were their individual failure and are passive about it.”

These qualitative findings about Mexican Americans’ values and practices regarding finances, savings, and retirement were explored and corroborated through the use of quantitative methodology. Statistical analysis of national-level data from the Current Population Survey and of data from surveys conducted in Chicago and Los Angeles demonstrate that there are direct links between Mexican immigrants’ cooperative practices and their retirement planning and savings. Immigrants who exhibit collectivist attitudes are less likely to participate in a pension plan. Moreover, pension-plan participation increases with subsequent generations of immigrants who grow up in the United States and who are more assimilated into American social institutions of independent nuclear family households and cultural values promoting individual self-reliance.

This report highlights two sites of “best practices” of programs in Chicago that support Mexican immigrants’ financial integration, which despite their successes are nonetheless in danger in the current economic crisis. Second Federal Savings and Loan’s administrators sought to understand the cultural values, social norms, and savings habits of the new Mexican-origin residents of neighborhoods that had last hosted East European immigrants. The small community bank began attracting national media attention in the late 1990s for its success in “banking” a significant portion of the local Mexican community, including undocumented workers. Second Federal Savings and Loan’s creative and culturally sensitive programs for savings, mortgages, and transnational bank accounts can be a model for bolstering the financial and retirement security of this and other vulnerable populations. This study also reports on a Chicago community senior center that has welcomed low-income Mexican immigrant retirees, who in turn have made it their own collectivist place.

The findings from our research and recommendations for enfranchising immigrants into the financial system can be used to help financial and public policy makers devise new strategies for meeting the challenges of new and old Americans' retirement security. A key conclusion is that the current system of voluntary, tax-deferred retirement savings programs does not provide retirement security to low- and moderate-income workers, including Mexican immigrants. Lower-income workers are at greater risk of losing these investments to the demands of their collectivist culture and social environment, upon which they also depend. This report highlights the need for a "locked box" protecting workers' retirement savings. Because low-income workers do not reap substantial benefits from tax-deductible retirement savings plans, we recommend tax credits. Finally, since so many members currently rely on Social Security as their primary source of income in retirement, we strongly endorse the extension of Social Security.

Introduction

Confianza, Savings, and Retirement is an in-depth study of the social and cultural factors influencing Mexican immigrants' preparedness for retirement. Mexican immigrants comprise one-third of all immigrant workers in the United States. They are less likely than other American groups to be covered by employer-provided pensions or to be contributing to employer-based retirement savings plans and with limited individual assets, Mexican immigrants remain more vulnerable than other groups to a life of low income and poverty. To promote Mexican immigrants' financial and retirement security, it is essential to comprehend the barriers they face to building retirement savings and financial assets.



Understanding the dynamic nature of Mexican immigrants' cultural values and practices is crucial to figuring out how to devise remedies such as communication programs and policies that will help increase the immigrants' financial literacy and likelihood of retirement coverage. This study applies ethnographic methodology in combination with quantitative research to understand how Mexican immigrants' cultural values, social norms, and consumption affect their conceptions of and preparation for investment planning, resource allocation, and retirement. Informed by a unique combination of anthropological and economic theories and methods, this study fills an important gap

in our knowledge and approaches to financial education with this demographic segment. Conventional thinking on retirement savings attribute low wealth accumulation to systemic poverty and diminished resources. This unique research enhances current thinking by revealing the non-economic factors that affect Mexican immigrants' preparedness for retirement.

Ethnographic research was conducted in the Chicago metropolitan area in 2009 and 2010. Chicago's Mexican-origin population is the third largest in the United States. The majority of this population comes from and remains tied to origin communities in central Mexico. Metropolitan Chicago is an ideal location for the research because it is representative as an immigrant gateway city typical of urban centers to which immigrants flock, a dynamic area whose suburbs now host the majority of the Mexican immigrants, an immigrant-friendly city, and a model city for the financial incorporation of immigrants and Mexican immigrants. The findings of this Chicago-based study are generalizable, therefore, to other communities with sizable Mexican immigrant populations.

This project developed out of our previous study, *“La Tercera Edad”: Latinos' Financial Literacy, Pensions and Impact on Families* (Richman, Ghilarducci, Barboza, and Sun 2008). Through analysis of the Health and Retirement Survey (HRS) and the Survey of Income and Pension Participation (SIPP), we found usual reasons for non-participation—low income, part-time work, industrial-sector employment (especially not working in the public sector)—and unusual factors such as immigrant status and the lack of participation in the Social Security totalization treaty. Our *La Tercera Edad* research led us to question whether collectivist cultural values and social practices, transnational orientations, and lack of trust in the financial system were also influencing Mexican immigrants' economic, financial, and personal investments. The research documented in this report answers those questions.

In the first part of the report, we present results of qualitative research in Chicago that covered the diversity of the local Mexican immigrant population across age, generation (first, second, and third), gender and socioeconomic status and occupation. We explain important cultural values and social practices that influence Mexican immigrants' financial perspectives and behavior, including generalized exchange, collectivism, mutual trust, family interdependence, fictive kinship, and celebrations. We describe how these practices influence and intersect with their financial behavior in both the formal and informal banking system. The discussion includes rich data gleaned from interviews and participant observations with over 90 members of this diverse community. In a special section, we provide intimate descriptions of a community bank and a senior center, two vital institutions that serve the local Mexican immigrant community.

In the second section of this report, we explain the results of our quantitative methodology based on analyses of large national, local, and comparative data sets as well as questionnaires administered to focus group participants. The multiple regression analyses demonstrate direct links between the immigrants' trust, collectivism, and transnationalism and their retirement planning and savings behavior and controls for age, gender, socioeconomic status, occupation, and generation. The final section of the report is a summary of research findings that can be used to enhance our understanding of the retirement and financial challenges of not only the Mexican immigrant community, but also of immigrants generally. At the end of the study are specific recommendations that financial and public policy makers can apply to help enfranchise immigrants into the financial market and insure their retirement security.

Qualitative Research: Understanding Cultural and Social Meanings of Money

This research began with the hypothesis that the more people invest in their family network as their future retirement, the lower their individual savings for retirement. Mexican immigrants “invest” in people as a source of future retirement in old age. Working-class Mexican immigrants of the first and second generation, especially, participate in a respected, informal banking economy of saving, borrowing, and lending. Members of families and dense social networks expect to be able to rely on one another, rather than banks, for loans. When asked for a loan, individuals will even borrow money in order to meet the obligation because they expect that they will one day need to ask others for loans themselves. Mexican immigrants also get access to capital needed in the short term through *tanda*, or rotating savings and credit associations, a practice found throughout the world and especially among urban societies. Although participants do not earn interest from their contributions to the *tanda*, neither do they pay interest.

At the core of the informal banking economy in general and the *tanda* in particular is the idea of *confianza*. *Confianza* means “a bond of mutual trust” (Vélez-Ibañez 1983, 10). *Confianza* is a resource, a form of capital, which people consciously work to produce and maintain. In the context of a small, tight-knit community whose actual physical dimensions may be local or transnational, *confianza* is a precious value, which few would risk losing. As a result, the default rate in this informal savings and credit system is exceedingly low.

Relationships built on reciprocal trust are hedges against future needs and traditional ways of adapting to chronic insecurity, especially in the absence of access to external support or government welfare. Working-class Mexicans and Mexican immigrants view social relationships as a kind of social capital (Bourdieu 1977). They view “acts of generosity and hospitality...[as] resources in a generalized pool from which one periodically also receives” (Carnegie 1987, 36). Our research examines the *fiesta* culture of Mexican immigrants as practices to build social capital. Low-income Mexican immigrants are spending significant amounts of time and money on large and lavish celebrations—more than their modest incomes would seem to allow. Celebrations of baptisms, graduations, *quinceañeras*, and weddings make economic sense to them when seen as part of a “generalized pool” of resources. From a functional perspective, these celebrations can also be seen as a means of redistribution in the community.

The anthropological concept of “generalized exchange or reciprocity” further helps to explain how Mexican immigrants use money and other resources. Generalized exchange is considered the purest form of reciprocity, and is characterized by an expectation that returns will be neither direct nor immediate. Repayment may be tangible or intangible (such as in the form of approval or allegiance), will happen at an unspecified later time, and may come from a source other than the original recipient of the good or service (Lévi-Strauss 1969, Sahlins 1972). The purpose of such generalized exchanges is not primarily economic, but rather to strengthen and maintain personal relationships. For example,



parents do not give to their child with the expectation that the child will pay them back monetarily. Rather, the parents hope that children will “respect their culture’s customs involving love, honor, loyalty, and other obligations to parents” (Kottak 2006).

The idea of generalized reciprocity is at the root of the cultural responsibility felt in the Latino community to care for one’s parents and to share such things as food, shelter, and money with extended family members. As one male participant in a focus group of first-generation Mexican immigrants at the Instituto del Progreso Latino in Chicago remarked, “You are not the only one who enjoys [your success]. You have to share your good fortune that God has given you. One has to share with one’s friends” (“*Tu solo no lo disfrutas. Hay que compartir tu buena fortuna que te ha dado el Señor. Uno tiene que compartir con sus amigos*”). Another participant in the focus group explained that “one has to always be circulating money” (“*Tiene que estar girando el dinero*”) among family and even friends in the community. The priority is the nuclear family—paying for children’s education, a home or business, and other living expenses—but once one’s family is secure, as a third focus-group participant commented, “you can think about taking it a step further to help those around you.”

Generalized exchange is the material realization of an ideology of collectivism or interdependence. Collectivist values are realized in practice within extended, intergenerational families, whose membership typically exceeds the nuclear model and may include grandparents, uncles and aunts and their spouses, nieces, nephews and cousins, as well as honorary or fictive kin (Chodorow 1978, Fry 1980, Hofstede 1980, and Triandis et al. 1984). Today, this network is often spread across boundaries, as societies have institutionalized transnational migration, as opposed to local production, as a family economic strategy (Richman 2005; Basch, Glick-Schiller, and Blanc-Szanton 1994; and Levitt and Glick-Schiller 2004). The transnationalism of Mexican immigrants issues from their collectivism. Although often scattered and located far away from one another, members of transnational families and networks depend upon one another, an interdependence that requires active trans-border involvement. Characteristics of collectivism include structural intimacy, emphasis on group solidarity over individual aims, and the belief that the fate of any member is inseparable from that of the group. In addition, collective sharing of, and claims on, any particular member’s success and failure stems from a belief framework of a personalistic and contextual morality as opposed to universal or abstract moral standards.

Individualism is defined as the extreme antithesis of collectivism. Individualism is best realized by an autonomous person or in kin units no larger than nuclear family-households in a secure economic environment. The notion of individualism reached its zenith in the United States in the early nineteenth century and it remains a guiding principle of American culture today. Remarking on the power of the concept as early as 1840, Alexis de Toqueville, author of the first comprehensive study of American society, wrote, “Individualism is a novel expression, to which a novel idea has given birth” (de Toqueville 2000, 506). As de Toqueville noted, individualism means self-reliance, freedom, and independence. Dependence is perceived as a threat to individualism and is often experienced as humiliation, immorality, and even inhumanity. Abstract and universal moral standards are used to judge individual actions, achievements, and failures. The individual owns success and disappointment alone.

The norm of independence governs attitudes toward giving; one gives and takes from a balanced, autonomous position. Since dependence is tantamount to immorality, the ideal form of giving is impersonal, anonymous, and altruistic, for example, to generalized causes and charitable organizations, rather than to personal relations. Fear of dependence contributes to the devaluation of aging and the

social and spatial isolation of the elderly, a trend that de Toqueville identified almost two centuries ago when he wrote that our society would “make every man forget his ancestors, but it hides his descendants and separates his contemporaries from him; it throws him back forever upon himself alone, and threatens in the end to confine him entirely within the solitude of his own heart” (de Toqueville 2000, 508). Our research suggests that while younger, third-generation Mexican Americans see themselves now and in their future retirement as relying only on themselves, first- and second-generation Mexican immigrants believe that retired seniors are vital and valued parts of their communities.

The broad economic recession weighed heavily in our ethnographic research. Many of the Mexican immigrants were unemployed for the first time in their lives and for prolonged periods going on two years or more. As our research proceeded, more and more media reports appeared, documenting that some middle-class American citizens were coping with sudden economic insecurity through newly discovered cooperative practices of the type that are well established in Mexican immigrant and other working-class societies. Each article emphasizes the discomfort of their subjects as they wade into the uncharted waters of interdependence. None of the reports cites Mexican or other immigrants’ long experiences with these cooperative practices.

For instance, *The New York Times* published a front-page article on January 29, 2010, documenting the emergence of “an underground banking system, complete with lenders and borrowers” among white middle-class Americans under the headline, “Jobless Turn to Family for Help, Often with Complications.” “With great reluctance,” family members are practicing reciprocity. They “acknowledge” having to resort to “an uneasy dependence,” which they assumed that they had left behind when they became adults (Luo 2010). One man confessed to *USA Today* journalist Stephanie Armour, “You lose that sense of independence, privacy, and self-esteem. You lose somewhat of your identity.” Moving in with relatives can be “demoralizing, humbling, dehumanizing—but a lot of people don’t have a lot of choice” (Armour 2009).

These reactions substantiate Richard Sennett’s (2011) conclusion, reached after a half-century of sociological research, that American society gradually does not merely erode the idea of cooperation but also eradicates the cultural tools or cultural know-how to enact cooperation. “People don’t cooperate with each other. They’ve lost the desire to do so and the skill that cooperation requires, so when things fall apart, they react as if it were their individual failure and are passive about it” (cited in Uchitelle 2011). Whereas many middle-class Americans may lack the cultural capital to practice cooperation, Mexican immigrants and their US-born children learn the cultural skills necessary for social interdependence, their bulwark against economic insecurity. These collectivist competencies appear to have helped keep many in the Mexican immigrant community afloat against all odds during the current recession.

The Family: Moral and Economic Obligations

In the Mexican community, family (*familia*) is a key metaphor. The concept is characterized by a sense of collective ownership, connection, and cooperation. Multiple family functions, such as child-care, companionship, problem solving, emotional support, and financial responsibility are shared. The family is also considered the primary transmitter of values. A first-generation Mexican immigrant invoked an image from his agrarian background to explain this important familial role to his fellow immigrants in the focus group: “the (economic) system in this country [the United States] leaves parents little time for their children but in any case they must teach them well and ‘sow the seeds.’

Parents must instill [our] affective [emotionally-driven] customs” (“*Por el sistema de este país [EEUU] los padres no tienen mucho tiempo con sus hijos pero igual tienen que enseñarlos bien y ‘cultivar las semillas.’ Les deben inculcar las costumbres afectivas*”).

Though first-generation immigrants typically arrive at their destination with the intention to return home as soon as they acquire the economic capital they came in search of, their plans change, especially after they begin rearing and raising children. The parents maintain active ties with their home country, fueled in part by a desire to return. But as their children mature here, the parents often decide that their lives are primarily rooted in the United States as well. As one focus group participant related, “My children are their own persons. They were born here in the US and they have their lives here. I won’t burden them to do what I want to do. If I go back to Mexico, I don’t expect them to go back too. They are Americans. It is their life here.”

In Mexican culture, grandparents are considered a blessing, not a burden, and play a significant and highly respected position in the family, especially with regard to caring for and being role models for their grandchildren (Carrasquillo 1991, 72). Many of the first- and some second-generation adults in our sample feel responsible to take care of their parents. As one female participant in our March 24, 2010, focus group explained, she believes it is her responsibility to take care of her mother because she saw her own mother take care of her grandmother. As another participant in the same discussion related, she and her husband have a dream of building a house with a big garden and extra rooms for each of their mothers to live with them. (This woman immigrated to Chicago as a young adult. She is pursuing a masters’ degree at a Chicago University where she also works.) Another individual commented about his unstated obligations to support the parent who raised him:

I think I gotta show her that I appreciate everything she did for me. I think I would do everything in my power to insure that she would be comfortable. So she is retired right now. We do everything that is possible to make sure that she is taken care of. She doesn’t ask us for anything like that. Of course, it’s something we do out of love without a second thought or anything.

(The mother to which he refers emigrated from Mexico and bore and raised her children in Chicago. Her son works at Motorola and is simultaneously pursuing a degree in communications technology.)

The children of Mexican immigrants are well aware of the expectation that children are supposed to support their parents when they grow old. One man, born in the United States and now a young father himself, described the norm as “an unspoken rule.” “It’s sort of unspoken,” he said, that “if you have that money, help us [parents] out.” Yet quite a few of the immigrants who arrived in the United States as children or who are the children and grandchildren of immigrants feel caught between a system that assumed that children would take care of and live with or near their aging parents and the culture in which they grew up that prizes direct exchange and individual self-reliance.

To investigate the changing nature of financial obligations to parents and other family members, we opened the focus-group sessions with a question concerning how people like themselves are expected to spend or allocate the income they earn and receive. There was a broad consensus among all cohorts of participants that income should be shared within the domestic household. Each adult member should contribute to the costs of maintaining a home and to the education and rearing of children. Regarding the question of obligations toward the ascending generation, there was significant variation among respondents. The economic class of the speaker’s natal family and the level of affluence of the senior generation no doubt played a role in their stance. As one professional accountant, who is second generation, stated regarding his natal family, “money flows in one direction in my family.” He

does not feel obligated to help his parents financially. Nor does he anticipate that his progeny—he and his wife and expecting their first child—will provide money or resources to him when he is elderly.

Whereas there was uniformity in the responses of non-professional participants as to their responsibility to contribute to the support of their aging parents, professionals had differing opinions. Several of the second-generation professionals saw themselves as interdependent individuals, responsible both for themselves and their parents. They expressed feeling morally bound to compensate their parents for what they did for them. But when the conversation turned to what they expect from their own children when they themselves are senior citizens, they suggested that one would be foolish to expect American children to take care of their parents. Indeed, the topic usually gave rise to humorous quips and laughter at the ridiculous thought of pretending to depend upon their individualistic children.

In the opinions of a few of the second- and third- generation university students and professionals, the concept of being expected to share either their expected income or an unanticipated windfall bordered on offensive. They resent the notion of being beholden to others, including their parents. They see themselves, in the words of one third-generation communications student, through “the paradigm of the rugged individual.” The same participant mocked the idea of parents having children for the purpose of ensuring one’s care in later life. “Yeah, that’s a pretty nice relationship when you’re like, ‘I’m feeding you and changing your diapers now, but one day you’re going to owe me so big.’ I just think that is the wrong way to think about things. You’re supposed to bring them up because you love them, not because of the future gratification from that person.”

These individuals regard themselves as self-reliant and seem to judge those who must depend on others as lacking—as lesser persons. For example, a third-generation professional woman disparaged her mother as an immature, incompetent person since she needs help occasionally from her better-off adult child. She expressed a feeling that other members of her (lower income) extended family also expect her to be generous to them. As a result, she rarely visits them or attends their frequent family celebrations. Related to the expressed rejection of the idea of children owing their parents were several statements about family size. In contrast to rural ranching families in Mexico who typically had large families to meet the unit’s labor needs, families in modern urban societies are small. The size of the family further corresponds to the goal of producing independent individuals rather than cooperative, interdependent members. One third-generation professional woman characterized herself in a positive way as far too self-absorbed to consider devoting herself “selflessly” to her children. Unlike her five siblings, who all have large families, she consciously decided with her husband to have only one child. Yet another second-generation professional woman, who is in her thirties, told fellow participants in another session that raising children requires giving so much of oneself that she is far from ready or willing to commit herself to it.

We posed a hypothetical question to inquire about what the participants would do with funds resulting from a large, unforeseen gift of money, for example, a huge bonus or big lottery win. Responses to this hypothetical situation were consistent with the collectivist norms of the first- and some second-generation Mexican Americans, on the one hand, and the more individualistic values of the third generation. Whereas the first group uniformly expressed a dream of spending the unanticipated wealth to help family members, the latter cohort focused the plans on themselves. They would first pay off any consumer debts. Those who had children said they would allocate some of the funds for their children’s higher education and several said they would in addition contribute to the

educational costs of their extended family, their nieces and nephews. Since many of the twenty- and thirty-year-old participants have incurred substantial student loans, sudden fortunes would be used to acquit these education debts. One participant, for instance, who is an attorney, still owes \$70,000 to the institution that funded her law school training. Education is a quintessential value for virtually all of the adult focus-group participants. Indeed, several substantial debates ensued concerning the appropriate purpose, type, and return on investments in education.

Children of immigrants who are born and grow up in the United States face the challenge of navigating the cultural and moral space between interdependent family and social networks and independent individualism. Attending school in the United States, children internalize local culture and develop friends and social networks in the United States even as their parents struggle to do the same. At the same time, they are constantly pulled toward their roots in a culture that is not fully their own as their parents nostalgically strive to preserve and recreate idealized Mexican traditions in the United States, speak only Spanish in the home without gaining a mastery of English like their children have, and verbalize desires to return to live in Mexico. A woman who is an administrator at a university and holds a master's degree expressed the most thoughtful explanation of the experience of being in-between the two systems of value. Her narrative brought forth both tears and laughter. She is indebted to her parents and wants to compensate them as they grow older. But when she tries to envision the state of actually becoming responsible for her parents, a realistic and realizable image does not come into focus. The education administrator cannot yet figure out how she will square her need to give back to her parents with her own need for independence. Yet it is important to her to pass on the culture of interdependence to her own children and she reported proudly a story about how her young son professed wanting to become rich so that he could support his whole family, including his much older sister.

Furthermore, this participant made passing mention of the fact of Mexican immigrants' family composition, which deserves researchers' attention: the age proximity between generations. Until recently, women married at around age fifteen. Childbearing began early. As she told the group, her immigrant mother, who is only sixteen years older than she, suggested that this feature of Mexican immigrant families could be an advantage to people living on pensions or other forms of retirement savings. The retirement funds of the retiree can be used to support both the retiree and their parent(s).

I have been brought up in the culture that you take care of your parents. A lot of my formation took place during the first fifteen years of my life that I lived in Mexico. However, I lived here most of my life and I acquired a lot of customs from this culture. So I find it very difficult because on the one hand I know that I want to and that I should take care of my parents. Then I start thinking of the logistics and I think, "Oh, my gosh, how could that happen?"



My mom and I, fortunately or unfortunately, are only fifteen or sixteen years apart so she makes a joke saying since you are going to have retirement money and you can pay me and take care of me.



I do feel a little bit of a responsibility. One of the things about my dad—he is basically illiterate. He didn't complete—he probably didn't even get through third grade, neither of them. My mom got her GED and I'm very proud of her. My dad kind of got stuck and never learned to—he writes but...



So when I look at my dad and think how could basically an illiterate man have the courage to come all the way to the mountains to here and feel confident that he'll get a job to support us so that we can have a better life. To me, that's big and—look at me—and I share the story with my children because I don't want them to take it for granted...But of course, I am what I am because of the sacrifices they have made. I want to repay them but then the selfish American way of life is like, "Oh, my gosh, where do they fit into my life?" So I am hoping that I will have money when I get to the point so that I can take care of them and still they can keep their independence and I can keep my independence.



I expect to be able to provide for myself. I don't expect my children or people to pay me back because if I can I like to help people out. But I want to make sure that my children understand that this is a part of the culture and to have the awareness and the love that they may want to do it but not expect it. My son who is now nine said a couple of years ago, "when I grow up I want to be a professional baseball player to take care of you and my daddy and my sister (and they are eleven years apart)." And I said, "Sandra? She is almost twice your age." But he said, "That's okay she will be older before I will be." So I don't expect it but I like to cultivate that part of our culture so that...people have the means to help each other out.



Thus, the education administrator sees herself navigating a course between two moral or cultural systems, the one based on interdependence and the other on independence. In contrast to the assumption about American culture, frequently articulated in all of the focus groups, that seniors should not rely on their offspring to support them, her son's fantasy of taking care of his family, even his half-sister who is a decade older, represents gratifying evidence of the maintenance of Mexican family norms.

In Mexican immigrant communities there is an expectation to share time, money, and resources with relatives here and abroad. In her scholarship on a migrant base community in Michoacán, Ina Dinerman (1978) explained that a household has certain exchange commitments—expectations of generosity and support—to extended relatives, godparents, and close friends. Food sharing is a salient cultural symbol, in the sense of “a model of” and “a model for” reality. Geertz (1973, 93) writes that cultural symbols “have an intrinsic double aspect: they give meaning, that is, objective conceptual form, to social and psychological reality both by shaping themselves to it and by shaping it to themselves.” As a cultural symbol of generalized exchange, and “*la comida semanal*”—a weekly meal shared with extended family—is an intensely meaningful ordinary practice among the Mexican immigrant community (Falicov 1998). Significantly, one second-generation interviewee broached the subject of his extended family's practice of gathering every Sunday for a meal and lengthy visit in response to our question about how one would raise money quickly to pay for an unanticipated expenditure. His comments clarified the assumed, and typically unstated, connection between food sharing and the generalized reciprocity that functions as an informal system of credit:

Question: *If you found out today that you needed to have \$5000 by next week, how would you go about getting the money to pay for it? Why?*

Answer: *I guess if I needed it I would probably ask one of my brothers or sisters, those who are better off than myself, but they would be more than willing to do it. We are all very close, so if anything comes up we are always there for each other no matter what. It sounds kind of cheesy but we are very close. We always get together on Sundays. Fortunately, we don't need to call each other if things happen but if we need it, they won't mind.*



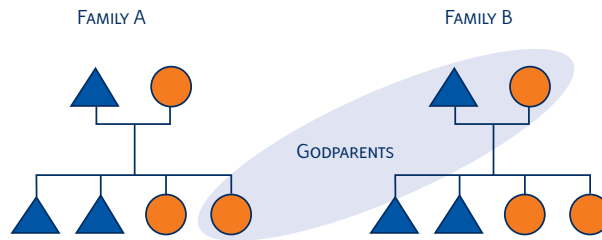
Fictive Kinship: From Godparenting Persons to Godparenting Celebrations

Even though the extended family is one's primary social capital, a broader social support network is crucial for immigrant families, especially as they attempt to establish themselves in their new community (Chatters et al. 1994, Bott 1971). These external relationships include those forged at work, school, church, the clinic, shops, clubs, evening classes, recreational institutions, and in the neighborhood. An individual's networks are expanded and intensified through the practice of incorporating non-kin—consistent with the concept of structural familism (*familismo*) discussed by Falicov—to build a tightly knit extended network of support and security (Stanton-Salazar 2001). By incorporating unrelated individuals into an extended family network, people create relationships of fictive kinship. Anthropologists define fictive kinship as “personal relationships modeled on kinship” (Kottak 2006, 349). In other words, fictive kin are individuals who, although not related by blood or marriage, are considered to be family. Based on religious ritual or close friendship ties, fictive kinship relationships replicate many of the privileges and responsibilities usually assigned to relatives.

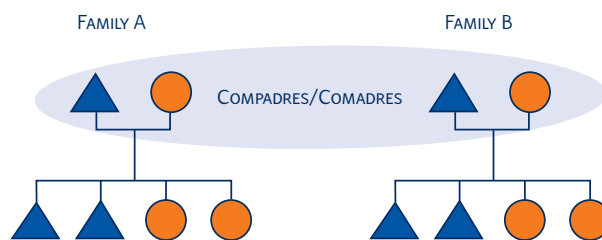
Compadrazgo (godparenting) is an important social practice among Latino cultures in which, through the ceremony of baptizing a child, godparents gain a vital and significant position in the family unit. Godparents, who may or may not be extended family members already, become equivalent to an additional set of parents to the child and act as sponsors and guardians. Important bonds are forged also between the child's parents and godparents. In fact, Ebaugh and Curry (2000, 196) commented in their study of immigrants' view of fictive kin as social capital that “many Mexicans feel closer to their *compadres* than to their own blood brothers.” Fictive kinship relationships are important forms of social capital in the Mexican immigrant community of Chicago.

Created through the religious ceremony of baptizing a child, the fictive kinship bonds of ritual co-parenthood are considered sacred (Mintz and Wolf 1950). Carrasquillo (1991, 72) comments that *compadres* (co-fathers) and *comadres* (co-mothers) “play an important role in the social and affective development of the Hispanic family.” Several scholars describe the structure, religious and social significance, and obligations and expectations inherent in a *compadrazgo* relationship. In the forging of a *compadrazgo* relationship, two main sets of bonds are formed: 1) between the child and his or her godparents, and 2) between the child’s biological parents and the child’s godparents (Ebaugh 2000). It is the relationship between *compadres* and the reciprocal duties and obligations that the new *compadres* acquire, however, which are on the whole more socially and economically significant. Indeed, the *compadre* (co-parent) relationship between biological parents and godparents is of even greater significance than the godparent-godchild relationship (Mintz and Wolf 1950). The adults address one another using the special kin term of “*compadre*” or “*comadre*” instead of calling each other by their given names. This conventional form of address shows a heightened level of respect that supersedes even that between close blood relations. While the child is the “glue” holding the bond together—the object of the relationship and the reason for its existence—the bond between *compadres* is even more significant because it creates a special set of mutual obligations between peers which provides an important safety net of emotional and economic insurance.

Most Important Dyad in the European Godparenthood System



Most Important Dyad in the Mexican Compadrazgo System



As two first-generation focus-group participants commented, an increased level of respect is what makes a relationship between *compadres* special (“*Hay más respeto. Eso es lo que diferencia la relación, lo que la hace especial*”). With this increased level of respect also comes a heightened sense of obligation to and responsibility for one’s *compadres* and *ahijado/a* (godchild), which are religious, social, and economic in nature. The close connection between *compadres* obliges each to a code of hospitality, honesty, and responsibilities that is most conscientiously upheld. The relationship is structured to be an ongoing process, a never-ending cycle of giving and receiving both material and emotional support according to cultural expectations of reciprocity. As one interviewee described, “One feels more obligation to help a *compadre* or *comadre* financially or otherwise than one feels toward another person.” It is not surprising, therefore, that *compadrazgo* is a salient metaphor for another key feature through which Mexican immigrants symbolize, create, and maintain interdependent social networks and build social capital: celebrations or *fiestas*, in particular those marking the rites of passage of children. The nouns *padrino* and *madrina* are thus now used as verbs to refer to the act of sponsoring specific expenses of a celebration, as in “to godfather” or “to godmother” such-and-such part of an event. This usage crystallizes and links the act of reciprocity with the strong kinship-like bond formed as a result.



Quinceañera of a Chicago citizen in Guanajuato, Mexico. She and her Chicago family returned to Guanajuato to celebrate her rite of passage into adulthood.

The *Fiesta* Culture

The Mexican *fiesta* culture describes the involvement of extended relatives, *compadres*, friends, and community members assuming responsibility for certain aspects of an important family celebration. In a wedding, for example, *padrinos* are selected for various parts of the ceremony including the dress, the veil, the rings, and food for the reception. The practice of inviting others to participate in important events such as *quinceañeras*, weddings, baby showers, and graduations through financial or other contributions is a key manifestation of earlier discussed themes of generalized reciprocity, collectivist culture, and social capital.

There are several advantages to this practice, both economic and social, which include: the ability to host larger parties than one would otherwise be able to, a spreading of the economic burden associated with hosting these important events, an opportunity for an individual or family to build social capital with others in the community or kin group, fulfilling the cultural obligation to contribute to a system of generalized reciprocity, and the ability to involve the larger community in important family celebrations which promotes unity and social cohesion. Similar to the function of the *compadrazgo* relationship formed in the baptism of child, the practice of asking someone to serve as a *padrino* of a part of an important *fiesta* is a form of social insurance for a family. The primary economic motivations for asking for contributions for a *fiesta* are to spread the economic burden faced by the family hosting the celebration and to make possible a grander *fiesta* than would otherwise have been feasible.

Mexican family rituals are extended celebrations meant to “proclaim and reaffirm unity and connection” (Falicov 1998, 316). Since these *fiestas* are such important occasions for the extended family and community, families do feel a certain social pressure to host large and lavish parties. It is important to emphasize just how extensive and expensive these celebrations actually are; literally, the entire community may be included. A wedding attended by the principal investigator in a migrant anchor community in Guanajuato involved 900 guests. Debutant celebrations for Mexican immigrant girls turning fifteen in 2010 reportedly cost as much as \$15,000. (A member of one focus group told us that her mother is a *fiesta* planner. As a result of her free contributions and discounted rates on services and products, she was able to reduce the cost of her other daughter’s “fifteenth” to a mere \$7000.)

The incomes of the families hosting debutants are modest. Therefore, there is a need to petition outside help to diffuse the economic burden across several people. As one interviewee explained, “You ask someone to sponsor a certain part of the party so that one person or family does not feel

burdened to pay for the whole thing” (“*Pides que alguien sea padrino de cada parte de la fiesta para que uno no se sienta pesado en pagar por todo*”). Thus, the expense faced by a single family is not as large. “Someone always offers to be the godparent. There are godparents for each part. For that reason, no one expense is too large. Usually, family and close friends are the ones who are asked to contribute. (“*Siempre se ofrece que otro sea padrino. Hay padrinos de cada parte. Por eso, cada gasto no es muy grande. Usualmente la familia contribuye o amigos cercanos a la familia*”).

This practice is portrayed in the feature film *Quinceañera*, for example, in which the main character Magdalena wants to have a Hummer limo just like her cousin Eileen had on her *quinceañera*, but her family cannot afford it. “Don’t worry,” her mother reassures her, “We will find someone to *padrino* it” (Glatzer and Westmoreland 2006). As this example demonstrates, contributions are by no means insignificant. Often, the cost to *padrino* something is very large, sometimes exceeding US\$600. This amount is much more than what is usually spent on a typical wedding gift. In fact, sometimes the *padrino* has to borrow money in order to oblige the request or convene a *tanda*.

There are multiple social advantages associated with contributing as a *padrino* to a *fiesta*. The first is that providing assistance to family or friends is a way to build social capital. By contributing to “the pot” of generalized reciprocity, one positions oneself to ask the same or a similar favor in the future. For instance, participants in the focus group at National Louis University affirmed, “If you *padrino* another *fiesta*, you earn the right to ask these people to *padrino fiestas* for your children.” Cognizance of the reciprocal relationship is mutual.

Occasionally, contributions will be reciprocated even without the family first asking, as was the case for one couple who participated in the focus group: “When my husband and I got married, we didn’t ask for any contributions but, regardless, about 70 percent of our guests contributed something to us because we had served as *padrinos* for *quinceañeras* and other weddings. So it was like there was that expectation that since we had helped, they helped us. It was our turn.” Recognition also serves as a form of reciprocity. As one focus-group participant commented, “It is a pleasure to see your name on the *padrino* list, which is usually an insert in the wedding invitation stating the *padrino’s* or *madrina’s* name and what he or she sponsored.” Another participant commented, “I do like to be a *padrino* and contribute. I just thanked my friend for letting me patronize in that way. She thanked me at the party for being the cook. That’s my contribution and it makes me feel good.”

Aside from the social capital one gains by participating as a sponsor to a *fiesta*, another advantage of the *fiesta* culture is that it strengthens social networks, both weak and strong ties, by involving the community in the celebration. One focus group participant commented while making use of an agricultural metaphor, “[The community] unifies [for a *fiesta*]. They reap from the same crop” (“*Se unen. Se cosechan de la misma cosecha*”). This metaphor evokes sentiments of solidarity and connectedness among the community. Similar to the bonds between godparents and a godchild, sponsoring a part of an important event in a person’s life strengthens interpersonal ties and publicly recognizes the significance of “strong-tie” extended or fictive-kin relationships. The *fiesta* culture is a custom that ties the community together. As members of the focus group at National Louis University in Chicago quipped, “Who hasn’t been asked to be a *padrino* for a wedding or for a *quinceañera*?”

While the *fiesta* culture is often described as a “traditional Mexican custom,” even by Mexican immigrants themselves, the practice is an “invented tradition” (Hobsbawm and Ranger 1983). Invented traditions idealize and intensify traditions in a nostalgic or romantic (as opposed to realistic) representation of the home culture. In an effort to preserve their Mexican culture and resist

assimilation and the imposition of “American” traditions, immigrants create an idealized memory of cultural traditions from their home country, which are represented as authentic and traditional. The local community bank can be said to play a part in this invented tradition. The directors of Second Federal Savings and Loan understood that their financial institution could play a role in the financing of these “traditional” rites of passage into womanhood. The bank created a *quinceañera* account, for example, with a pink passbook, which families can establish to save up for their daughter’s debutant celebration. Family members and friends “godmothering” or “godfathering” phases of the celebration could be asked to deposit funds directly to the account (interview with Matthew Brophy, former vice president of Second Federal, May 19, 2010).

As the first-generation Mexican immigrants demonstrated, the *fiesta* culture signifies obvious potential for building social capital, which can, in turn, be used to build economic or financial resources. Yet some of the second-generation and several of the third-generation Mexican Americans we interviewed looked down on the custom. The members of our focus group conducted at National Louis University admitted a certain level of resentment toward the feeling of obligation to contribute financially to other people’s parties. What matters most, the respondents asserted, is the internal desire to contribute; giving should not be a result of merely complying with cultural pressures. One should truly want to participate as a sponsor. According to that view, the participants explained that often they prefer to contribute in a way other than financially. For example, multiple participants cited cooking as a meaningful non-monetary way to contribute to important family and community events. One woman related that she and her daughters have on occasion cooked for 150 people. The hosts of the party will buy the food, and she contributes as a sponsor of the party by doing the cooking. This means of contributing is often just as appreciated as a financial contribution would be, participants said.

Other participants expressed decidedly negative sentiments toward the entire cultural practice of soliciting *padrinos* to sponsor parts of important celebrations. As one woman stated, “We don’t sponsor anything for anyone (*No apadrinamos a nadie*). We are going to be self-sufficient and do it for ourselves; it’s not nice to ask others to pay for your wedding.” Another woman agreed, saying, “I have said ‘no’ on certain occasions. I’d rather someone be a *padrino* in presence rather than monetarily.” Still another participant claimed that her family never asks outsiders to sponsor parts of their celebration and, as a result, her family never gets asked to help with others’ celebrations. In each of these cases, the participants refused requests to serve as *padrinos*, an action that implicitly rejects the principle of generalized reciprocity.

Some members of the second generation do not appear to subscribe as readily to the *fiesta* culture philosophy, focusing instead on practicality over lavish cultural celebrations. One second-generation professional in a large accounting firm provided evidence of shifting ideals regarding the obligation “to *padrino* or to *madrina*” in the course of recounting the words and practices of her Mexican-born mother, herself, and her twenty-year old daughter. Her mother viewed the request to “godmother” a celebration as a sacred obligation she could not ignore.

*My mother was asked to be a **madrina** a zillion times. She would never turn it down. I asked her once. Her saying was, it is a blessing event. It is all in front of God’s eyes and if you turn that down it is like you are mocking God. So don’t dare take the chance. Just pay what you’re asked and you’ll get it back ten times over...*

Each of her American-born daughters had a *quinceañera* celebration except the eldest daughter, the interviewee. She did not want her own party. She told us, “I said to my parents, ‘Instead of a big



A triple *quinceañera* for twins and their cousin in northern Indiana

party, can I just have the money and put it into an account?’ And it was a deal.” She proudly recounted how she saved the money in an account, which gradually grew “into a nice sum.” She recently passed the sum on to her third-generation daughter (whose father is neither Mexican nor Latino), who also declined the opportunity of a debutant party.

In voicing their perspectives that *quinceañeras* are a waste of money and that the family should be saving and accumulating tangible financial wealth, as opposed to intangible social assets, our study participants reflected American cultural values of saving and independence. As one of our study participants related in a critical tone, “I know a family planning a *quinceañera* and the father lost his job but they are still throwing a very big party based on the contributions they will receive. What are you doing throwing a big *quinceañera* when you’ve lost your job?” Further evidence of an ethic of individual asceticism colliding with the norms of generalized exchange embodied by fiestas was presented in the form of a conversation between an eight-year-old girl and our college-student researcher who was tutoring her at a community center. The child told the college student that she admired her straight, white teeth and that she intended to obtain the same “smile” by channeling the funds she expected to receive when she turned fifteen seven years hence into financing orthodontic treatment rather than a debutant party.

Tanda

Rotating credit associations or savings circles are informal groups comprised of a variable number of participants who meet periodically to contribute a set amount of money to a common fund which is given to each participant in rotation (Kurtz and Showman 1978; Portes 1998). Rotating credit associations have several advantages for those who participate in them. They provide a certain degree of economic security to meet both expected and unexpected needs. *Tandas* do not only appeal to those who need to raise funds. They also provide persons who have a little extra cash an



alternative way to save money in the short term (Kurtz and Showman 1978, 66). For immigrants trying to establish themselves in their new environment, *tandas* can provide a valued source of funds to facilitate the settlement process, especially since most low-income Mexican immigrants in Chicago do not expect to be able to get a loan from a bank.

One Chicago-area bank understood the important function and role of *tandas* among their Mexican immigrant community and took the unprecedented step of formally recognizing that fact. Second Federal Savings and Loan was willing to accept a loan applicant's *tanda* receipts among the documents submitted for their credit rating. Mr. Matthew Brophy, a former priest at a local church with a Mexican congregation, was vice president of Second Federal when he initiated the bank's policy of accepting the *tanda* as a reliable measure of an applicant's credit worthiness (interview May 19, 2010). Located in the heart of the Mexican neighborhoods of Little Village, Pilsen, and Brighton Park, Second Federal was a pioneer in "banking" the undocumented workers in their area. Working closely with the Mexican Consulate of Chicago, Second Federal first initiated the practice of accepting the Mexican identity card to establish savings accounts and then began accepting mortgage applicants' Individual Tax Identity Numbers as well. Second Federal Savings further helped immigrants integrate into the United States, and indirectly increase their economic and financial security here, by sponsoring citizenship classes and testing sites (see spotlight on Second Federal Savings and Loan, page 27).

Tanda means "alternative order" (Kurtz and Showman 1978, 66). *Tandas* are initiated in two ways: 1) a highly trusted person organizes *tanda* on a regular basis, or 2) an individual who needs to raise money in the short-term forms a *tanda* as a unique, one-time endeavor. As an illustration of the recurring *tanda* organized by an individual who epitomizes *confianza*, a third-generation Mexican immigrant woman who is a college student pursuing an accounting degree, reported that her grandmother, who was a respected and charismatic immigrant from Mexico, regularly organized savings circles. She has not participated in a *tanda* since her grandmother has passed away. "I haven't done it in several years just because it was my grandmother and everyone respected my grandmother." One *tanda* organized by her grandmother had twenty participants contributing \$100 a week. The participant herself pulled out the number eight from the jar and so received \$1900 in the eighth week.

Tandas have been used by our focus-group participants to raise funds targeted for such expenditures as buying a vehicle or raising money for a down payment on a house. The practice is also associated with hosting celebrations such as children's birthday parties, graduations, weddings, and *quinceañeras* (Kurtz and Showman 1978). One female focus-group participant, a second-generation professional, related that she used funds received from membership in a *tanda* to pay for her wedding. Another woman, a first-generation graduate student, said that she participated in a *tanda* organized by a friend who was about to become a godmother and needed to raise money to buy the ritual garments and prayer book for the christening.

Many, but by no means all, of the first-generation participants admitted to getting involved in a savings circle. Several second-generation participants were familiar with *tanda* but had not gotten involved themselves and only one of the third-generation focus-group participants has so far claimed to know about and to practice *tanda*. One college student—the son of immigrants who regularly saved money through *tanda*—reacted to our query about *tanda* with surprise, stating, “I haven't heard of that [*tanda*] in quite literally fifteen years.” Asked whether he could envision participating in a *tanda*, he responded, “I have no need to participate in one. And if I did have a need for one I wouldn't do it. It just requires a lot of responsibility. I know I can do it but I don't know if anyone else can do it and keep up with it, especially in this economy.” He then went on to define and describe *tanda* for other second- and third-generation Mexican Americans in the session who claimed ignorance of the practice. His explanation gave rise to a vigorous discussion which revealed the gulf between the culture of generalized exchange practiced by the Mexican immigrant poor and that of immediate, direct exchange characteristic of contemporary American society. Another focus group participant, whose grandparents were born in Mexico and whose parents were born in the United States, dismissed *tanda* as an irrational idea. To him saving money should be a direct economic transaction, not an indirect, delayed exchange mediated by risky social relationships.

Male 1: *I just think it's weird math. Take for example I take a hundred dollars every week to pay people and get \$800 one week at the end I am back to zero. It's kind of like I am loaning myself money. The math doesn't make any sense to me.*

Male 2: *It's just about having all the money at once.*

Male 1: *Yeah but I pay it all back.*

Male 2: *Exactly. It's equivalent of taking a hundred dollars and putting it in the piggy bank but in my opinion it's really only beneficial to you if you get it early because the first or second or third week, they get the money really quickly. The eighth guy, on the other hand, it's about the same as sticking it in a hole.*

Male 1: *It's an interesting way of saving, I guess.*

Male 2: *It is.*

Male 1: *But I would rather just save that \$100 myself.*

Male 2: *I would too. I think I would just put it somewhere, hide it, and do it every week.*

Male 3: *You just said that it could help people who go first; maybe that's why they're doing it?*

Male 2: *Yeah, but at this point in my life I don't think I would need that much money that quick.*

Focus Group Leader 2: *Let's say somebody asked you, "I want to do a *tanda* because I need \$800 and there are eight people. You're helping me out if you participate."*

Male 2: *I would say, "You know, I can't do it." I'll be honest with them and tell them, "No, I'm sorry."*

Male 1: *I would say, "I'm not interested."*

Whereas this third-generation Mexican-American college student rejected the “weird math” of the savings circle, for several first- and second-generation persons we spoke to the weird math was the very thing that attracted them to the *tanda*. Two women extolled the *tanda* as a means of enforced savings. They expressed their positive views of the *tanda* in immediate response to our opening question, “Do you or have you ever participated in a *tanda*?”

Female 1: *I do them all the time. They keep me out of trouble. [laughter] Especially right before Christmas.*

Female 2: *Yeah! You know we do it because—that's the way I paid the down payment for the car. We do it with my aunt and we put in \$200 every fifteen days. So it's \$400 a month.*

Focus Group Leader 1: *So is she [your aunt] the one who starts it [the tanda]?*

Female 2: *Yes, she starts it. And then she asked me, "When do you need the money?" I need number two, Tia, please.*

Focus Group Leader 2: *So she tends to set it up, for example, she decides who'll get number two?*

Female 2: *Yeah. She, you know, she's very nice, and she is kind of like friends more than family. We are very close. All the aunts are there. She's there and so are her sons. There's like one or two friends. But it's family, so we all agree. Say like you need the money first, so you go first. Or if you want it the last, you get the last. I always get it last because the best number is the last one. Yeah, because you really saved the money. And you see it at last, and you're like "Yeah, you're a champion." But I needed my car in the winter 'cause you know it's horrible here [in Chicago in winter]. So I said, "Tia, I need number two." Because she always gets number one. She's the leader of the *tanda*. So we get \$2000 every ten numbers. So every fifteen days makes it every twenty weeks.*

Hence, the two women regard the discipline of the savings circle as a benefit, so much so that one participant told herself “you're a champion” when she drew the last number of the savings circle and had to wait until the last round to redeem the money she had contributed each term. A similar discussion took place in another session. One participant said, “Logically, sometimes I want to say [to myself], ‘Oh, I can't put \$100 away because I have to spend it on something else.’ But with a *tanda*, you're reliable. You have to give that \$100 every week no matter what, so if you need to buy clothes or something else that can't happen because you have to give the money to the *tanda*.” Yet to the American-raised individuals in our study, *tanda* is a dubious practice. They cannot imagine placing their trust—and their money—in the hands of an informal, unsecured social (and financial) network. As one skeptical participant concluded after hearing about *tanda* practices, “I would be very leery of it. It is like someone is going to get screwed.”

Viewing Retirement Now and in the Future

The idea of retirement was a major focus of our qualitative research. In each focus group discussion, as well as in many individual interviews, we posed a series of questions to participants about sources for retirement (including how they are saving now and what they are doing to secure these savings) and about how they envisioned their future leisure, including where they expect to live and with whom they expect to reside. Beginning with those who are already in retirement, we interviewed many

seniors at their apartments, homes, and at a Chicago senior center. Elder women outnumber and outlive elder men. Most of these women are single, having been separated from their husbands (and fathers of their children) or widowed. They retain strong ties to their communities of origin, where many still have children and other kin, and many travel back and forth to Mexico on an annual basis. They reside near or with their children and grandchildren on the South Side of Chicago in modest two- or three-flats or single-family bungalows. Every man and woman we interviewed worked in Chicago in low-wage factory or service jobs before retiring. They worked until they were eligible to receive Social Security. Very few had an employer-sponsored pension. They are managing through careful, skillful deployment of Social Security pensions, government subsidies for utilities, public transportation and home repairs, intense generalized reciprocity with their network peers, and with substantial help from their adult children. (See Spotlight on “Inside a Senior Center” on page 33.)

Turning next to the cohort of adults of Mexican descent who are of working age but are often, unfortunately, currently unemployed, we organized focus groups at adult education and support centers. The adult non-professionals are struggling to stay afloat and therefore find it impossible to save for retirement. On the contrary, some have reported depleting their modest retirement savings to avoid poverty in general and foreclosure in particular. Chicago’s Latino neighborhoods have seen more than 10,000 mortgage foreclosure filings since 2007. The housing foreclosure crisis in Mexican immigrant neighborhoods in Chicago has devastated household security, employment potential, and wealth accumulation. The crisis has not only vastly reduced the wealth accumulation of Mexican immigrant homeowners, whose home purchases in recent years accounted for the major growth in home ownership in Chicago, but it has also upset Mexican immigrant men’s employment prospects, for this population was heavily employed in the home construction and maintenance industry. In two focus groups we conducted at the Institute for Latino Progress, all of the thirteen male participants were out of work. There was reason for optimism, however, since the men we interviewed at the Institute were all enrolled in courses to retrain them for jobs in other practical fields.

In our discussions with younger non-professionals, who included students pursuing their college or graduate degrees, we found low rates of savings. The respondents claim that they intend eventually to participate in employer-based retirement plans but at present they are hardly saving for retirement. A cause for concern is that while these full- and part-time student-employees are not yet eligible to participate in employer-provided plans, neither are they taking advantage of opportunities to save through individual retirement accounts. Some participants did not even know what an IRA was. We referred them to information that could help them learn about ways to save for retirement. Several of those straddling work and education reported that they are living paycheck to paycheck. When they glimpse their short-term financial future, they see mounting student loans that will soon be due.

Regarding the professionals interviewed for this study, the older cohort, who are first- and second-generation and in their forties and fifties, stated that they expect to live well and independently in retirement, supported by their employment-based retirement savings, pension, Social Security, and other savings and investments, including inheritance. They also look forward to traveling, pursuing hobbies, and volunteering.

By contrast, the younger cohort of the professionals, who are second- and third-generation, are not preparing significantly for retirement. Our preliminary findings are cause for concern. Even though the majority of the participants were in the accounting field, their rate of savings for retirement is not much higher than that of the non-professionals we interviewed. Despite their eligibility for

participation and their greater education and incomes, the professionals we interviewed are saving only ten percent more than their non-professional counterparts.

Even though they do not expect to be able to rely on Social Security, neither are they contributing substantially to retirement accounts. In focus groups that involved Mexican-American professionals of varying ages, some of their older counterparts reacted with surprise upon hearing their junior colleagues say that they were contributing only the minimum amount to their 401(k) to be eligible for the company match. The senior professionals seemed to accept some of their junior colleagues' explanations for lower retirement savings rates. Being burdened with paying off student loans and paying mortgages were acceptable explanations for the short term, but other reasons were unacceptable. These reasons included the volatility of the stock market and bonds, especially in the recent past and the value of living for today and expecting to work well past the legal retirement age.

A friendly but contentious discussion took place in one of the professional focus groups, incited by the statement by one participant, a thirty-two-year-old second-generation accountant, that he does not even know if he is investing the minimum in his 401(k) to receive the company match. He said that he is in his career "for life." He likes what he does and expects to work until he dies. His view of his future is optimistic; he expects his income to continue to increase. In other words, since he does not expect ever to retire, there is no pressing need to invest substantially in his retirement. He has other things he can do with the money, including enjoy it on "things he likes." The accountant, whose work consists of advising wealthy clients about the tax consequences of their investments, further defended his limited savings behavior by pointing to the performance of the market in recent years. He reported that others challenged him, including his father, who invested more money in their own retirement accounts whereas he spent the money "for enjoyment." "After the great recession," he concluded, "we both are exactly where they started. So who's to say which [approach] is better?"

The accountant's promotion of the value of living for today rather than putting off enjoyment until retirement was challenged by his senior colleague, a forty-seven-year-old third-generation executive assistant, who had earlier described her measured and allegedly successful approach to saving and consumption. The executive assistant, who contributes the maximum to her 401(k) challenged her colleague, saying, "You need to put money aside—if you have children, and you do have one on the way, you can expect that there will be a need for money. Something always happens that requires spending money you didn't expect." Moreover, she expressed that she is looking forward to the end of her job and the beginning of her "life" of travel, recreational sports, hobbies, and other forms of enjoyment. The two staked out opposing positions and other members of the focus group attempted to establish a balanced viewpoint between the savings behavior of one who intends to pursue a meaningful career for his entire life and the savings behavior of another who works in a well-paying job until retirement. At that point, full enjoyment of life, having been delayed for the sake of a job, finally begins.

A second discussion about trust in financial institutions transpired in another focus group with accounting and financial industry professionals, which further crystallized the vastly divergent perspectives on savings and retirement security described above. One participant "A" is in her late twenties and is an accountant at a large accounting firm. She is a third-generation Mexican American. "A" demonstrated belief in a strong ethic of self-reliance and independence. "A" expressed a cynical opinion of the current financial system, calling it "corrupt," and she believes that tax-deferred defined contribution and IRA programs are not sensible investments. She has only \$3000 in a 401(k) and is

not concerned about its performance. “A” rejects the notion that a person of her age and professional status should be concerned about retirement planning and investment.

The second participant “B” is in her late thirties and is also a financial professional, but she was unemployed at the time of the discussion. “B” is about ten years older than “A.” She was born in Mexico but grew up in the United States. “B’s” comments and written responses straddled collectivism and individualism, a pattern we saw with other professionals of the first and second generation. “B” described herself as a disciplined, informed saver and investor, a behavior representative of other professionals who spoke with us. “B” stated that she has confidence in the financial system, though not in any individual financial advisor, and she manages her own investments in two 401(k) plans and her equity portfolio. “B” expressed disbelief at “A’s” statements and tried to get “A” to consider the need for saving for retirement. “A” reacted with similar incredulity at the claim that she would need to invest in a 401(k).

Leader: *Do you have confidence in banks?*

A: Do I have confidence in banks? Bank systems are not that reliable in terms of security. They are insured by FDIC for up to \$100,000. But you really have to watch what is charging to your accounts, like when I lost and then replaced my debit card, I went to an ATM and the replacement didn't work. There are always little glitches in system, and there is so much information right now, you just have to audit your own bank account.

Leader: *Next question, do you have confidence in investment firms and financial planners who work for investment firms?*

*A: In, what is it called, **The Millionaire Mind** they did this study and most millionaires in the US...they manage their own investments. And I believe that...I mean, I know financial planners...I'm pretty capable of doing it myself. Why wouldn't you want to know what's going on? It's your money.*

Leader: *How do you feel?*

B: I do it all myself. If I want to invest in a company...I go and search for it. I am mostly on the outside. I have to watch out for companies I can invest in so I would rather do it myself. I really never use a financial planner or anything.

Leader: *We also want to know whether you trust investment firms. Examples would be, say, Fidelity, Vanguard...*

B: *Absolutely not!*

A: I just think that there are a lot of scandals going on right now. I think that investment firms, because they are publicly traded, they have to meet these expectations and because of that then there's all of these corrupt scandals going on.

B: *So what do you do for retirement?*

A: I don't retire. I stopped putting my money in my 401(k) and I don't have a Roth IRA or anything. I'm just, I'm in the mindset where I'm like, you know, I have lots of passions in life. I'm going to write a book. I do makeup. Maybe one day I can actually be a famous makeup artist instead of being the CPA that I am right now. That's awesome. I have different motives and I feel that I will be wealthy and I just have confidence in myself and I'm not worrying about that because I think that it is a little bit of brain-washing for everyone.

B: *Let's say something happened to you today and you needed financial support for something.*

A: *For what?*

B: *To take care of your...*

A: *Like in the hospital or something? I have insurance and I have a good job. For what? Like what are you saying? What would retirement affect right now anyway? It wouldn't.*

B: *I'm saying if you had a financial crisis.*

A: *That's not in a time that you could compare.*

B: *Well, see, a lot of people when they think retirement they are thinking 60's plus, but there is also early retirement or life-changing events that might cause you to withdraw that amount right? I'm just asking you that.*

A: *Yeah, no, why would I—I would have other investments. If you take out your 401(k) you would get a penalty on your taxes, you are taxed 10 percent and then 10 percent on top of that. Why would you do that? I don't understand your question; I don't think it's even relevant to what's going on.*

Leader: *Well, you were saying that you stopped putting money in your 401(k).*

A: *Well, because, I do not have confidence in the markets, I don't have confidence in financial institutions. I don't. I think it is all corrupt. I think J.P. Morgan buying all of these banks and taking...I just think it is all going to fall one day. I don't have confidence in them. So, no, I change my answer; I don't have confidence in anything. Because I know. I am an accountant. I took all these ethics classes and I learned. I see it in my own corporation, and my own corporation is a limited liability partnership and that is pretty structured. That is the most stable you're going to get because we are not publicly traded. But everything else that is out there is publicly traded so there is always going to be some type of unethical behavior to meet some type of quota so I just don't think that I trust anything right now. I am not going to waste my money putting it in [defined contribution or IRA] accounts like that.*

Leader: *What are you going to retire on? What do you expect to be living on and how do you prepare for that?*

A: *My honest answer, what I always say, is that I'm going to be living off my royalties from the book that I'm going to write. That is what I am going to do. So you can believe me or not, but that is what is going to happen. And I don't have anything saved right now and I am very proud of it. I have this retirement account that I never look at and it has about \$3000 in it.*

B: *I am actually working on a patent. I also do invest, and I do my homework on the firms. You should invest in the things that you use, consumer goods, you know, stuff you can use on a daily basis. So that is why I have faith in the financial markets and investments. I have two 401(k) accounts and then I make my own [additional] portfolio. I am just buying individual stocks aside from the 401(k)'s.*

Despite their honest attempts to communicate with one another about the wisdom and purpose of planning and saving for retirement, there were no points of agreement upon which “A” and “B” could build a consensus. The older professional believes in the retirement savings system and she also believes in collectivism. Her younger counterpart has no trust in the financial system and plans to invest in herself rather than in either the retirement system or, tellingly, in others, that is, in a social network.



Spotlight on Two Community Institutions

Second Federal Savings and Loan

Since trust in financial institutions is a key motivator in using retirement account vehicles, efforts to bank the unbanked among the Mexican-American population will help promote individualized savings. Located in the heart of the Chicago's Mexican enclave, Second Federal Savings and Loan is a national leader in creating programs to “bank” Mexican immigrants and providing a welcoming alternative to the currency exchanges and pay-day lenders that are ubiquitous in poor neighborhoods. The bank was started by Czech and Polish businessmen in 1882, and it served a burgeoning Eastern European enclave for a century, until the descendants of Czechs, Lithuanians, and Poles finally left the urban neighborhood for the suburbs. Under the leadership of President and CEO Mark Doyle and Vice President Matt Brophy, both of whom are descendants of Irish immigrants, Second Federal Savings and Loan embraced the demographic change. Mark Doyle said, “Our business model was based upon the understanding that Mexican immigrants were ambitious. The most glaring example [was] the fact that 26th Street has been recognized as the second highest retail sales tax base in the City of Chicago.” (The first area is the downtown “Gold Coast” shopping area.)

Applying a linguistically and culturally sensitive approach, the bank promoted its services on local Spanish language radio stations and through the Mexican Consulate and hometown associations based in Chicago. The community bank's lobbies were immigrant-friendly places that offered acceptance of utility bill payments and citizenship classes. Second Federal Savings reached outside its

offices to sponsor and participate in local events, religious celebrations, and parades in the Mexican immigrant community. The leadership's familiarity with the cultural practices of their growing clientele informed their innovation of *quinceañera* accounts (with a pink passbook) and, in addition, the recognition of receipts from the applicant's participation in a *tanda*, or rotating savings and credit association, as a component of a loan applicant's credit history.

Second Federal Savings has expressed interest in taking the next step to explore creating a *tanda* account to secure the cash collected by contributors in the savings circle, which is typically held by the organizer in currency form. The *tanda* account could be for the short or long term, including for retirement. Former Vice President Matt Brophy described how the program might be advertised in Spanish: "A Usted le toca la *tanda* para jubilarse" ("You take/get your *tanda* [or turn] when you retire").

Second Federal Savings drew national attention in 2002 when it partnered with the Mexican Consulate of Chicago to accept the Mexican identity card, *matrícula consular*, to establish a passbook account. The bank also initiated a policy of accepting workers' Individual Tax Identification Numbers (ITIN), further enfranchising the immigrants into the financial system. The Internal Revenue Service gives ITINs to undocumented immigrants in place of Social Security numbers, so the federal government can collect and keep track of their taxes. Second Federal Savings was one of the largest ITIN lenders in the United States. In 2005 Bank President Mark Doyle told a journalist, "We see it not only as part of our charter, to help provide housing, but it's consistent with good business," Doyle said. "We have an outstanding credit history with that [Mexican immigrant] market... [T]hey have a good work ethic; they have a pride of ownership" (Lewis 2005). By 2008 the bank had originated more than \$120 million in ITIN mortgages. ITIN mortgage holders were exceptionally diligent and in 2008 had a delinquency rate of one-half of one percent compared to a 6.4 percent delinquency rate for all home loans at that time.

Second Federal Savings was also the first to adapt ATM cards to migrants' transnational financial lives as a low-cost and secure alternative to the high costs associated with remittances. According to former Vice President Brophy,

The Amigo Card (La Tarjeta Amigo) was an easy, cost efficient way for money to be deposited locally and picked up at any ATM in Mexico, while most banks would issue one ATM card for a checking or statement savings account. Second Federal Savings promoted dual cards. The second card would be sent to a loved one in Mexico. The client would deposit the money on any given day and the money would be available for pick up with the Amigo Card in Mexico the next day. Second Federal Savings offered the use of a local messenger service if the customer had no other way of getting the card to the relative in Mexico. Second Federal Savings did not charge any additional fee for international transaction. The financial institution on the receiving end did charge the customary fee.

Unfortunately, the collapse of the Chicago economy, housing market, and the home construction industry since 2008 caused huge job losses in the Mexican immigrant labor force. The crisis has adversely affected many of those who took out proper loans, including those holding previously solid, conventional mortgages. Second Federal Savings has since struggled to survive. As a small thrift, it has been denied access to the TARP funds, which rescued larger traditional banks. Second Federal Savings recently became a Minority Deposit Institution as part of its strategy to restore its financial stability. Policies that would support the survival of community banks like Second Federal Savings are strongly endorsed by this study.



Southside Senior Center
Chicago, Illinois



Inside a Chicago Senior Center

Most Mexican-American seniors we encountered in this study worked all their lives until they reached retirement age. Yet they have little or no retirement savings. Social Security income, though modest, protects them from the misery and humiliation of poverty. Any diminution in their modest Social Security stipends will likely tip the balance of their acceptable but fragile existence. Policies should bolster the Social Security system, the primary means, since 1935, to keep the elderly in the United States out of poverty.

Essential as it is to alleviating poverty for seniors, Social Security cannot and does not provide an adequate quality of life for retired workers. The senior population cannot survive on their modest Social Security pensions alone. Vital aid is provided through community senior centers and from government-sponsored senior subsidies, which reduce the cost of living and transportation. Federal, state, and local subsidies for residential utilities, home repairs, and public transportation provide needed support to low-income seniors. The community senior centers assist members in applying for these benefits. The crisis in governmental finances has compelled the reduction or elimination of these essential sources of residential assistance and transportation aid to seniors. Meanwhile, community senior centers are closing or losing programs and staff. New York's senior centers faced severe cutbacks recently when Title Twenty federal funding for seniors was re-allocated to other programs (Chen 2010). Likely consequences of these reductions on Mexican-American and other low-income seniors include reduced independence, increased homelessness and indigence, greater burdens for their adult children, some of whom are in financial crisis themselves, and extended use of nursing homes.

Mexican Americans' frugal consumption habits and generous mutual assistance of family and senior peers add value to their modest pension checks. Through focus-group discussions and through behavior observed in homes and in community senior centers over the last year, we noted how Mexican-American seniors strategically seek out and use resources and subsidies, formal and informal alike. They feel empowered by their strategic maneuvering to gain access to limited resources that

allow them to lead dignified lives in old age. They desire dense family connections and the mutual assistance they provide to and receive from kin. Most reside with their children and grandchildren in shared quarters or in separate apartments of two- and three-flat buildings. But seniors also wish to maintain some autonomy.

The community senior center is the primary site where Mexican immigrant retirees proudly realize this autonomy. The senior center is a vital social institution for retirees, a site for the exchange resources, knowledge, and friendship and a setting for demonstrating one's competence in managing a dignified lifestyle with little more than Social Security pension income. Chicago's Southside and Westside Senior Centers, where the research involving focus groups and participant-observation was conducted over a one-year period, are multipurpose hubs of activity offering daily classes ranging from aerobic exercise to classes on "how to manage with arthritis." The senior centers also have exercise equipment, billiards, and computers for individual use. Yet an affordable, hot noontime meal seems to be the primary magnet that draws seniors in the vicinities to the centers and serves as the focal point of the day's activities.

The seniors arrive on public buses, which they ride for free, in an inexpensive shuttle provided by the centers, or in their own vehicles. For many recipients of Social Security, the lunch provided by the senior center is the primary meal of the day. Consisting of chicken or soy-based protein, simple starches, and processed vegetables and fruits, the lunch is prepared elsewhere in the city and delivered by truck each day (except Sundays) to the centers. Though very affordable at \$1.50, the meal is not free of charge, the administration having concluded that payment of even this modest sum is empowering whereas accepting an entirely "free lunch," as the English expression implies, can be an affront to one's dignity.

We discovered that the Mexican immigrants have appropriated the luncheon as their own, transforming the tasteless processed foods into a flavorful, communal Mexican potluck. The retired women take turns providing *tortillas*, sauces, and condiments as well as sweets and snack food items saved from other events. They turn a passive behavior—buying and consuming a tray of prepared food—into a dynamic activity that involves exchange and stimulates thought and conversation about interdependence, ethnic identity, and cuisine.

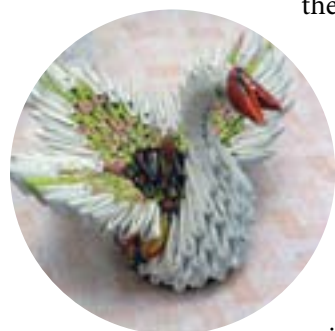
The meal on January 19, 2011, at the Southside Senior Center, illustrated these multiple functions. We joined a group of eight women who presented their lunch tickets at the cafeteria line, and carried meal trays of breaded soy patty, mashed potatoes, canned green beans, canned apricots, and a slice of processed bread to a round table which they had already reserved by placing their bags on it. They proceeded to present the contents of these bags and place items in the middle for all to share, including two large jars of homemade green *salsas*, a mound of fresh corn *tortillas*, a container of *frijoles refritos*, and an assortment of crackers and cookies. At one point, Julia, a native of Puebla, Mexico, who retired from factory work several years ago, picked up a slice of spongy loaf bread from her tray and held it as if it were a *tortilla*, spread home-made bean paste on it, folded the bread and took a bite, laughing about the unusual combination of cuisines. Hence, the noontime meal becomes a center-point in the Mexican immigrant seniors' daily routine, one from which they draw essential individual sustenance and recreate equally essential relationships of sharing.

The needlecraft circle is the other magnet drawing low-income Mexican-American women to the senior centers. Needlework, which is known as *el costura*, is a venerable Mexican tradition with Spanish roots. In the immigrant settlement, the practice continues, with new elements, styles, and meanings incorporated. Even more so than cooking, needlework represents the quintessential symbol of feminine value and feminine bonds. In Mexico women give customized gifts to one another of crocheted doilies and embroidered handkerchiefs, pillow covers, *tortilla* holders, and dishtowels. Crocheted and embroidered linens have been essential contents of the marriage trousseaux provided by the bride's family to the groom's kin, with whom the couple would reside in a typical patrilocal (or virilocal) residential structure. In rural areas, young women and adult women allocated precious time to these activities, a substantial commitment considering the demands of domestic and farm labor in the *ranchos*. Their counterparts at the senior center today crochet fashionable handbags, scarves, hats, and cellular telephone holders, as well as the occasional *carpeta* (doily), *mantel* (tablecloth), or other traditional decorative textile made by their own mothers.



Anthropologist Jennifer Hirsch, who has studied gender relations and marriage in rural Mexico and in Mexican immigrant settlements in Georgia, writes that needlework gifts are “a feminine currency of exchange” (2003, 76). At the senior center, the women produce currencies that span social, emotional, creative, and material domains. They sit for hours at a time working steadily, talking, laughing, sharing needlecraft techniques, as well as information on how to manage their budgets and navigate their frugal life styles. They make gifts for one another, for their female friends, daughters,

granddaughters, and nieces, cementing ties with those who currently help or have the potential to help them. Some of the senior women sell their handicrafts at such modest prices that the products function less as means of generating money than as affective currency that circulates in a system of reciprocal qualitative credits and non-monetary obligations.



The needlework circle at the Southside Senior Center operates under the gentle tutelage of an informal and inventive teacher named Irma. Irma continuously introduces new styles of handbags and patterns that incorporate materials recycled from supermarket shopping bags and soda can

tabs. Irma is not, in fact, retired. Her husband, who is about ten years older, passes his time at the senior center with his male peers in the billiard room. Irma's gentle, patient manner is a measure of the satisfaction from the company and attention of her de facto students.



Quantitative Research

Quantitative analysis of the written data provided by focus-group participants complements our study of oral information provided in the group discussions and individual interviews. Each participant in the fourteen focus groups held in Chicago was asked to complete a written questionnaire. The survey had two parts. The first section was a standard questionnaire in Spanish or English containing a series of straightforward probes for basic demographic data, assets, and transnational linkages. The second section was a set of twelve values statements related to collectivist and individualistic norms, transnationalism, and celebrations. We requested that respondents rank each one on a scale of one to five relative to the degree to which they agreed or disagreed with the statement. In the following regressions, we investigate the statements made by focus-group participants, directing our attention, in particular, to gender, occupation, age, generation, and low income status as determinants of those statements. Although the sample is modest, its scope deepens the findings from our parallel analysis of large data sets to demonstrate specifically how cultural influences and social norms affect the propensity of Mexican Americans to participate in a pension plan or own a retirement account.

Descriptive Analysis of Focus-Group Data from Questionnaires

Non-Professional Focus-Group Participants

The majority of the participants in our non-professional focus groups were foreign-born. The average age was 46, and participants had been in the United States for an average of 22 years. Half of the participants were United States citizens, while the other half were mainly composed of permanent residents. Over three-quarters of the participants had completed only high school or less, with less than 10 percent having completed college. Less than half of participants disclosed having health insurance. Three-quarters were married. Participants had 2.78 children on average. In addition, three out of four participants reported low English ability.

Half of the participants claimed incomes of less than \$30,000 a year, with almost two-thirds having at least a checking account, but less than a quarter having any retirement savings. Over half of the participants declared borrowing money from other people, while the others preferred to borrow from banks or other lending institutions. By the same token, 62 percent of non-professional participants send remittances to Mexico. Most participants related receiving monetary support from family members and helping with paperwork and translations. In turn, these participants revealed that they provided support for family members by providing food, cooking, running errands, offering daycare, and loaning money. Accordingly, three out of five participants would lend money to relatives and less so to friends and co-workers.

Table 1. Characteristics of Non-Professional Focus-Group Participants

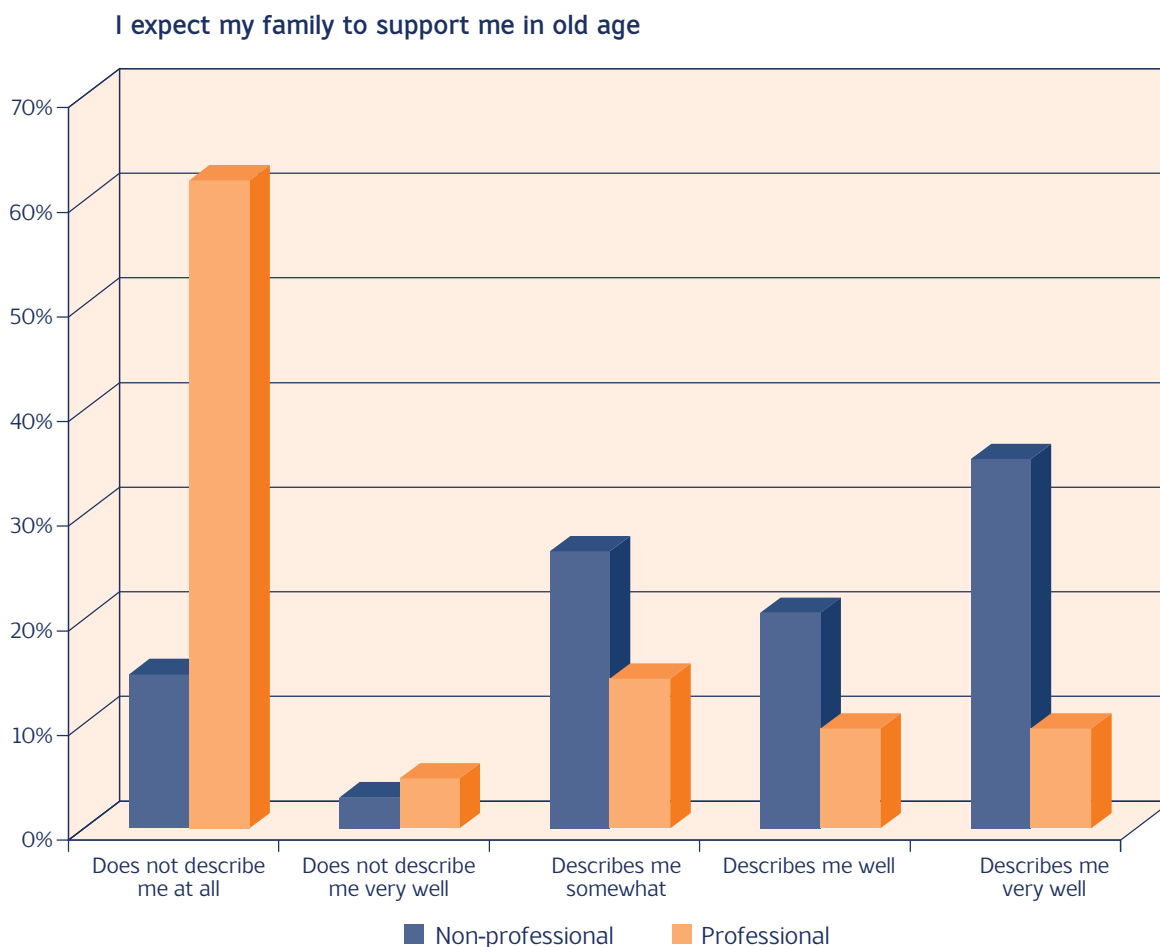
Characteristics of Non-Professionals	Descriptive Statistics	N
Sex	82% male	22
Nativity	95.5% foreign-born	22
Age	46.0 years old on average	22
Time in the US	21.8 years on average	21
Immigration status	50.0% US Citizen 40.9% permanent resident 9.1% other	22
Employment status	36.4% employed 59.1% unemployed 4.5% retired	22
Marital status	72.7% married 18.2% single 9.0% separated/divorced/marriage-like relationship	22
Educational attainment	76.2% high school or less 9.5% some college 4.8% associate's degree 9.5% bachelor's degree	21
Number of children	2.78 children on average	18
Speak English	22.7% "very well/well" 77.3% "not well/not at all"	22
Household income	Less than \$10,000 15% \$10,000–\$19,000 20%	20
Financial assets	Bank accounts Checking 64.3% Saving 42.9% CDs 14.3% Bonds 0.0% Stocks 7.1% Retirement accounts 21.4%	18
Borrowing habits	52.9% borrow from people 41.2% borrow from banks 5.9% borrow from mortgage brokers (<i>Financieras</i>)	17
Lending habits	62.5% lend to relatives 18.8% lend to friends/neighbors 12.5% lend to co-workers 6.2% lend to others	16
Remittances	61.9% send money to Mexico	21
Type of support from family members	Top three: monetary, paperwork, and translations	22
Type of support for family members	Top three: food/cooking, errands, and monetary/caregiving	22
Health insurance	45.5% have health insurance	22

Table 2. Cultural Values Scale for Non-Professional Focus-Group Participants

Non-Professional Focus-Group Participants	0	1	2	3	4
	Does not describe me at all	Does not describe me very well	Describes me somewhat	Describes me well	Describes me very well
If a family member were in financial difficulty, I would help them within my means.	4.5	9.1	9.1	36.4	40.9
If a family member was in financial difficulty and I did not have the means to help them, I would borrow the money to help them.	9.1	22.7	18.2	45.5	4.5
You should rely only on yourself to get ahead.	9.1	27.3	9.1	9.1	45.5
If I succeed, it is because of what I alone did to get there.	13.6	22.7	4.5	40.9	18.2
If I succeed, it is because of what my family did to get me there.	9.5	19.0	19.0	23.8	28.6
To me, pleasure is sponsoring celebrations for members of my family.		22.7	22.7	31.8	22.7
I expect Social Security and my retirement savings to be enough to live comfortably in retirement.	9.1	18.2	18.2	18.2	36.4
I expect my family to support me in old age.	4.8	4.8	4.8	28.6	57.1
I expect to go to live in Mexico when I am old.	9.1	31.8	31.8	18.2	9.1
I expect to go to live in Mexico if I am sick.	33.3	38.1	9.5	9.5	9.5
I help out people so that they will one day help me out.	27.3	27.3	22.7		22.7
It is good to be generous to others so that one day they will be generous to you.	9.1	18.2	9.1	36.4	27.3

Non-professional focus-group participants reported a strong affinity for helping family members in need, sponsoring celebrations, being generous, and expecting a return. Over three-quarters of respondents would help relatives in a financial difficulty, and over half derive pleasure from sponsoring a family celebration. Almost two-thirds of participants described themselves as being generous to others so that people would be generous to them in return. There is a strong correlation between these expressions of *confianza* and generalized exchange and expectations of a delayed return through support in old age. Not surprisingly, over half of non-professional focus-group participants expect their family members to support them in retirement. The same cannot be said of our professional participants as over two-thirds of them do not expect family support in their old age (Figure 1).

Figure 1. Expectations of Family Support in Old Age, by Occupational Status



Professional Focus-Group Participants

Two-thirds of the professional focus-group participants in our study were born in the United States and the majority were United States citizens. They were 33.6 years old on average, two out of five were single, less than a third were married and over a quarter were separated or divorced. In addition, at least half of the professional participants had a bachelor’s degree and almost a quarter obtained a master’s degree or more.

Almost two-thirds of professional focus-group participants had annual incomes above the \$50,000 range. The majority of these participants had retirement accounts, checking and savings accounts, and four out of five use banks to borrow money. Professional focus-group participants were more likely to lend money to family or relatives in the United States. Few plan to live in Mexico to convalesce or to retire. At the same time, most participants cited money as the number one type of support they receive from family members. The professionals’ attitudes toward sharing, spending on celebrations, and success spanned the continuum from collectivist to individualistic. As noted above, professionals’ strongest divergence from non-professionals was in their strong disavowal of the idea that they can expect family members to support them in retirement.

Table 3. Characteristics of Professional Focus-Group Participants

Characteristics of Professionals	Descriptive Statistics	N
Sex	63.6% female	22
Nativity	68.2% US-born	22
Age	33.6 years old on average	22
Time in the US	24.8 years on average	8
Immigration status	86.4% US Citizen 13.6% permanent resident	22
Employment status	86.4% employed 13.6% unemployed	22
Marital status	40.9% single 31.8% married 27.2% separated/divorced/marriage-like relationship	22
Educational attainment	18.2% some college 9.1% associate's degree 50.0% bachelor's degree 22.7% master's degree or higher	22
Number of children	1.53 children on average	15
Speak English	100.0% "very well/well"	22
Household income	Less than \$10,000 4.5% \$10,000–\$19,999 9.1% \$20,000–\$29,999 4.5% \$30,000–\$39,999 9.1% \$40,000–\$49,999 9.1% \$50,000–\$74,999 31.8% \$75,000–\$99,999 13.6% \$100,000 or more 18.2%	22
Financial assets	Bank accounts Checking 95.5% Saving 77.3% CDs 9.1% Bonds 9.1% Stocks 40.9% Retirement accounts 31.8%	18
Borrowing habits	80.0% borrow from banks 10.0% borrow from people 5.0% borrow from tanda 5.0% borrow from other	20
Lending habits	73.7% lend to relatives 21.1% lend to friends/neighbors 5.3% lend to others	19
Remittances	19.0% send money to Mexico	21
Type of support from family members	Top three: monetary, caregiving, and errands	21
Type of support for family members	Top three: monetary, errands, and caregiving/ food/cooking	21
Health insurance	81.0% have health insurance	21

Table 4. Cultural Values Scale for Professional Focus-Group Participants

Professional Focus-Group Participants	0	1	2	3	4
	Does not describe me at all	Does not describe me very well	Describes me somewhat	Describes me well	Describes me very well
If a family member were in financial difficulty, I would help them within my means.	9.1			18.2	72.7
If a family member was in financial difficulty and I did not have the means to help them, I would borrow the money to help them.	27.3	4.5	31.8	18.2	18.2
You should rely only on yourself to get ahead.	9.1	9.1	13.6	31.8	36.4
If I succeed, it is because of what I alone did to get there.	22.7	9.1	18.2	36.4	13.6
If I succeed, it is because of what my family did to get me there.	18.2	18.2	27.3	27.3	9.1
To me, pleasure is sponsoring celebrations for members of my family.	9.1	4.5	31.8	18.2	36.4
I expect Social Security and my retirement savings to be enough to live comfortably in retirement.	27.3	22.7	13.6	31.8	4.5
I expect my family to support me in old age.	68.2	4.5	18.2	9.1	
I expect to go to live in Mexico when I am old.	72.7	4.5	13.6	9.1	
I expect to go to live in Mexico if I am sick.	90.0	10.0			
I help out people so that they will one day help me out.	35.0	30.0	20.0	5.0	10.0
It is good to be generous to others so that one day they will be generous to you.	9.1	18.2	40.9	13.6	18.2

Senior Focus-Group Participants

The majority of senior focus-group participants were foreign-born females with an average age of 73.6 years. Most have been in the United States for over 40 years, and the overwhelming majority are United States citizens (81.2 percent). Most of the participants are retired. One-third of participants are widowed, another third is separated or divorced, and the remaining third is either still married or single. On average, senior focus-group participants have more children than either non-professional or professional participants. Six out of seven seniors reported low English ability.

Three-quarters of senior participants claimed less than \$10,000 annual income, and only around a third declared having a bank account. At the same time, half of senior participants claimed neither receiving support from family members nor providing any type of support. A quarter of all senior participants declared they did not borrow money. If the majority of seniors participants (81.2 percent) asserted receiving Social Security benefits as their only source of income (with only a couple receiving public assistance and only one participant receiving a pension), it is disconcerting to find that only

40 percent of seniors believe that their Social Security and retirement savings are enough to live comfortably in retirement. Therefore, it is not surprising that almost two-thirds of senior participants borrow money from other people to make ends meet. Yet over a quarter of these low-income seniors send remittances to Mexico (between \$250 and \$1,000 a year). The majority of senior participants are covered by public health insurance (92.3 percent), which might help cushion some of their expenses.

Table 5. Characteristics of Senior Focus-Group Participants

Characteristics of Seniors	Descriptive Statistics	N
Sex	75% female	16
Nativity	87.5% foreign-born	16
Age	73.6 years old on average	16
Time in the US	40.9 years on average	16
Immigration status	81.2% US Citizen 12.5% permanent resident 6.2% other	16
Employment status	6.2% employed 6.2% unemployed 87.5% retired	16
Marital status	18.8% married 12.5% single 31.2% separated/divorced 37.5% widowed	16
Educational attainment	87.5% high school or less 0.0% some college 6.2% associate's degree 6.2% bachelor's degree	16
Number of children	3.71 children on average	14
Speak English	14.3% "very well/well" 85.7% "not well/not at all"	14
Household income	Less than \$10,000 75.0% \$10,000–\$19,999 16.7% \$40,000–\$49,999 8.3%	12
Financial assets	Bank accounts Checking 38.5% Saving 30.8% CDs 7.7% Bonds 0.0% Stocks/mutual funds 7.7% Retirement accounts 0.0%	13
Borrowing habits	62.5% borrow from people 25.0% <i>do not</i> borrow 12.5% borrow from banks	8
Lending habits	Only lend to relatives	2
Remittances	28.6% send money to Mexico	14
Type of support from family members	Half receive no support Others receive help with: paperwork and translations, monetary, transportation, and housing	13
Type of support for family members	Half provide no support Others help with: food/cooking, errands, and monetary/caregiving	13
Health insurance	93.3% have health insurance	15

Table 6. Cultural Values Scale for Senior Focus-Group Participants

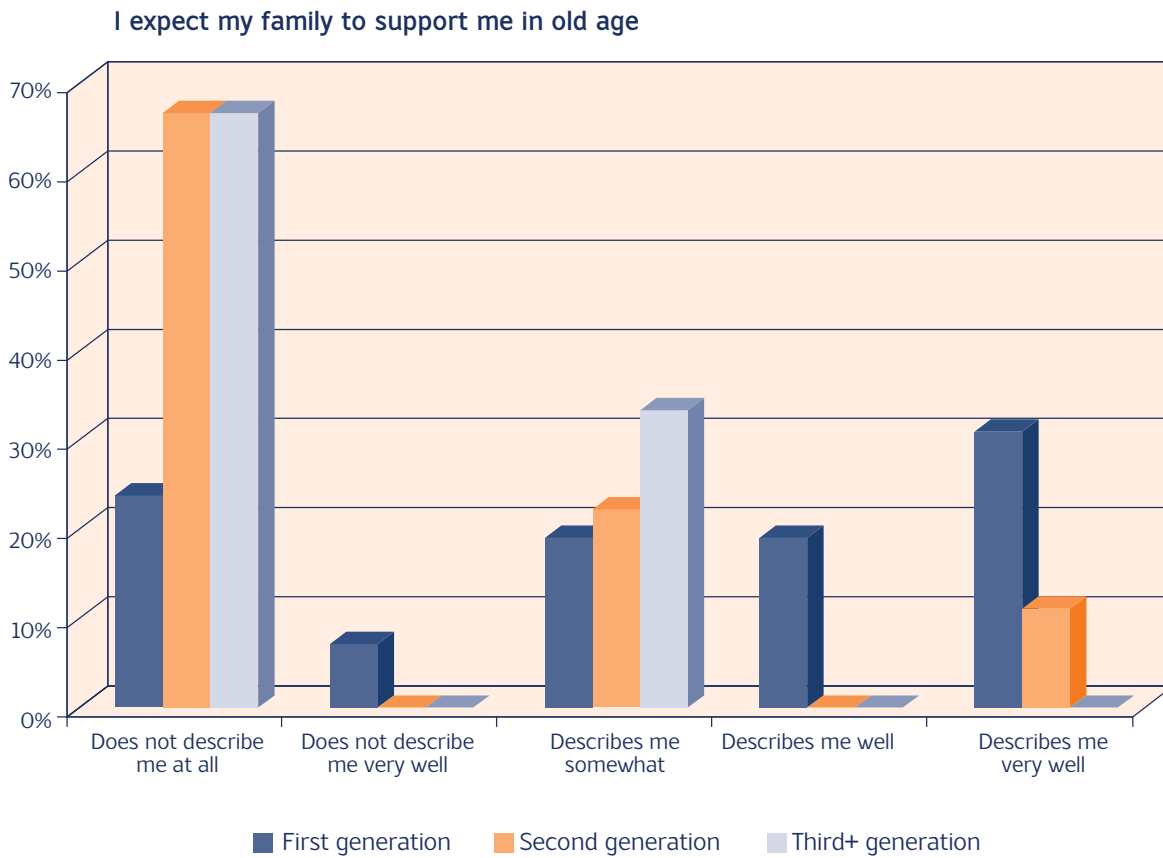
Senior Focus-Group Participants	0	1	2	3	4
	Does not describe me at all	Does not describe me very well	Describes me somewhat	Describes me well	Describes me very well
If a family member were in financial difficulty, I would help them within my means.	46.2	15.4	7.7	23.1	7.7
If a family member was in financial difficulty and I did not have the means to help them, I would borrow the money to help them.	45.5	9.1		45.5	
You should rely only on yourself to get ahead.	10.0		70.0	10.0	10.0
If I succeed, it is because of what I alone did to get there.	9.1		27.3	18.2	45.5
If I succeed, it is because of what my family did to get me there.	58.3		8.3	25.0	8.3
To me, pleasure is sponsoring celebrations for members of my family.	20.0	40.0	20.0	10.0	10.0
I expect Social Security and my retirement savings to be enough to live comfortably in retirement.	10.0		50.0	10.0	30.0
I expect my family to support me in old age.	33.3		50.0		16.7
I expect to go to live in Mexico when I am old.	54.5		36.4		9.1
I expect to go to live in Mexico if I am sick.	77.8		22.2		
I help out people so that they will one day help me out.	58.3	8.3			33.3
It is good to be generous to others so that one day they will be generous to you.	20.0		20.0	30.0	30.0

As opposed to non-professional focus-group participants, senior participants are less likely to help relatives with money, contribute to family celebrations, or expect a return. Three out of five participants would not help a family member in a financial difficulty if it was within their means or if they had to borrow money to help them. Given that most of these seniors have very low financial means to begin with, it is anticipated that they would be less likely to help others financially. Twice as many seniors than non-professionals claimed helping others without expecting a return (58.3 percent). Three out of five also claimed not sponsoring family celebrations. Therefore, the picture that emerges is that senior participants are less likely to spread their money around (partly because they have so little of it to begin with), but when they do, they seem to do so unconditionally.

While there is a larger percentage of professional than non-professional focus group participants who reported having a retirement savings account (IRA, 401[k], Keogh, or other), none of our senior participants reported having a retirement account. By contrast, half of our senior participants seem to expect some form of support from their family in their old age; only one in six participants expects full support. In addition, a third of our senior participants do not seem to expect any family support in their old age. Since the majority of our senior participants are retired (87.5 percent), they might be describing their current situation rather than a future expectation, such as receiving no family support.

A breakdown of the same focus-group data by generations supports these trends. Whereas the first generation expects their family members to care for them in old age, and some second-generation members expect support from their kin network, few third-generation interviewees anticipate relying on their relatives in retirement (Figure 2).

Figure 2. Expectations of Family Support in Old Age, by Generation



Multivariate Analyses of Data

In this section we apply statistical analyses to two types of data in order to measure the non-economic factors affecting savings behavior and retirement planning and readiness that were identified in the project's simultaneous qualitative investigations: 1) our Chicago questionnaire data collected during our focus group research, and 2) three large data sets at local, comparative, and national levels. The multi-tiered study demonstrates that there are direct links between the immigrants' collectivism, transnationalism (which is an expression of collectivism), and trust in financial institutions and their retirement planning and savings behavior. The multiple regression analysis applied here controls for age, sex/gender, family structure (extended versus nuclear), socioeconomic status, occupation, and generation (i.e., foreign born, first generation, second generation).

Multivariate Analyses of Focus-Group Questionnaire Data

Retirement Assets in Relation to Collectivism, Transnationalism, and Trust

The dependent variables in the analysis are savings and pensions: retirement accounts, Social Security, and bank accounts. Twenty percent of participants had IRA/Keogh and 401(k) accounts. Of those who had those retirement savings accounts, none were low income. Moreover, of those with accounts, most were first-generation immigrants, and more than 50 percent were professionals. Our preferred specification had a total of 36 observations, with 13 independent variables. The model had an R-squared value of 66 percent, meaning that the variables included in the model explain 66 percent of the variation in retirement account ownership. According to this specification, education increases the probability of saving for retirement, as do income and having children. Having a bank account, which is a measure of how much trust participants have in the financial system, is associated with a higher likelihood of saving for retirement. Higher generation and lower age decrease the probability of saving.

With regard to reciprocity within the family, honorary or fictive kin such as godparents or one's social network, giving and receiving support is associated with saving less. Participants whose collectivism was manifest in sending money to Mexico in the form of remittances were also less likely to save formally for retirement. These correlations support our collectivist hypothesis that the more associated individuals are with their social network, the more likely they are to rely on that network for retirement in lieu of retirement savings. Similarly, those participants who stated that they would borrow to help others and who acknowledged that they succeeded because of their families—both statements indicating a strong collectivist orientation—were less likely to save. Two indicators of collectivist attitudes were, however, correlated with saving for retirement. Participants who stated that they help others because they expect others to help them back were more likely to save. In addition, participants who stated that they enjoy sponsoring celebrations for the sake of others were also more likely to save. The results of the analysis are tabulated as follows:

Table 7. Multivariate Analysis of Focus-Group Retirement Assets in Relation to Collectivism, Transnationalism, and Trust

Dependent Variable:	Ownership of IRA/Keogh retirement savings account	
Generation	-0.266	**
HS degree/some college	0.387	*
College degree or better	0.434	**
Has children	0.697	**
Income	0.079	**
Sends remittances back	-0.757	**
Gives and/or gets support from family network	-0.321	
Has money market/checking account or CD	0.353	
I would borrow \$ to help others	-0.159	*
I succeeded because of my family	-0.124	**
I find pleasure in sponsoring celebrations	0.145	**
I plan to go back to Mexico if I get sick	0.274	**
I help others so they can help me	0.189	**
R-squared: 0.668	N=36	

* Indicates significance at the 5% level or less.

** Indicates significance at the 5–10% level.

Confidence in Having Enough for Retirement in Relation to Collectivism, Transnationalism, and Trust

Respondents were asked to rank the extent to which they agreed with the statement, “I expect Social Security and my retirement savings to be enough to live comfortably in retirement.” The younger cohort, who tended in our sample to be second- and third-generation, are less likely than first-generation respondents, who also tended to be older, to think they will ever be ready for retirement (Figure 3). The younger, US-born respondents, therefore, do not think Social Security will support the quality of life they wish to achieve in retirement, nor do they think they will be able to save enough to support a high quality of life in retirement. In addition, low-income participants were more likely to disagree with the statement than higher income participants (Figure 4).

To learn more about relations between income, sharing, and retirement among the Mexican immigrants who participated in the focus groups, we asked respondents to rank their agreement with the statement, “I help out people so that they will one day help me out.” Low-income participants agreed that the statement described their behavior, while higher income participants, who tended to be second- or third-generation, disagreed with this statement.

Figure 3. Expectations of Having Enough for Retirement, by Generation

I expect Social Security and my retirement savings to be enough to live comfortably in retirement

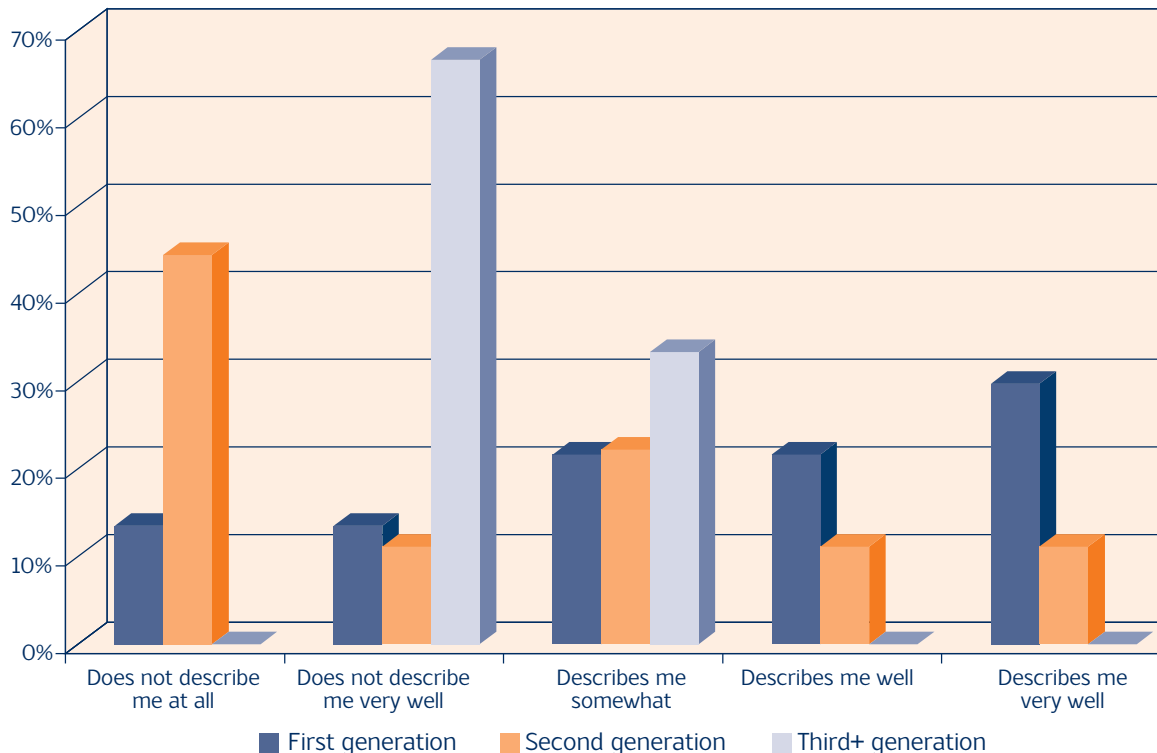
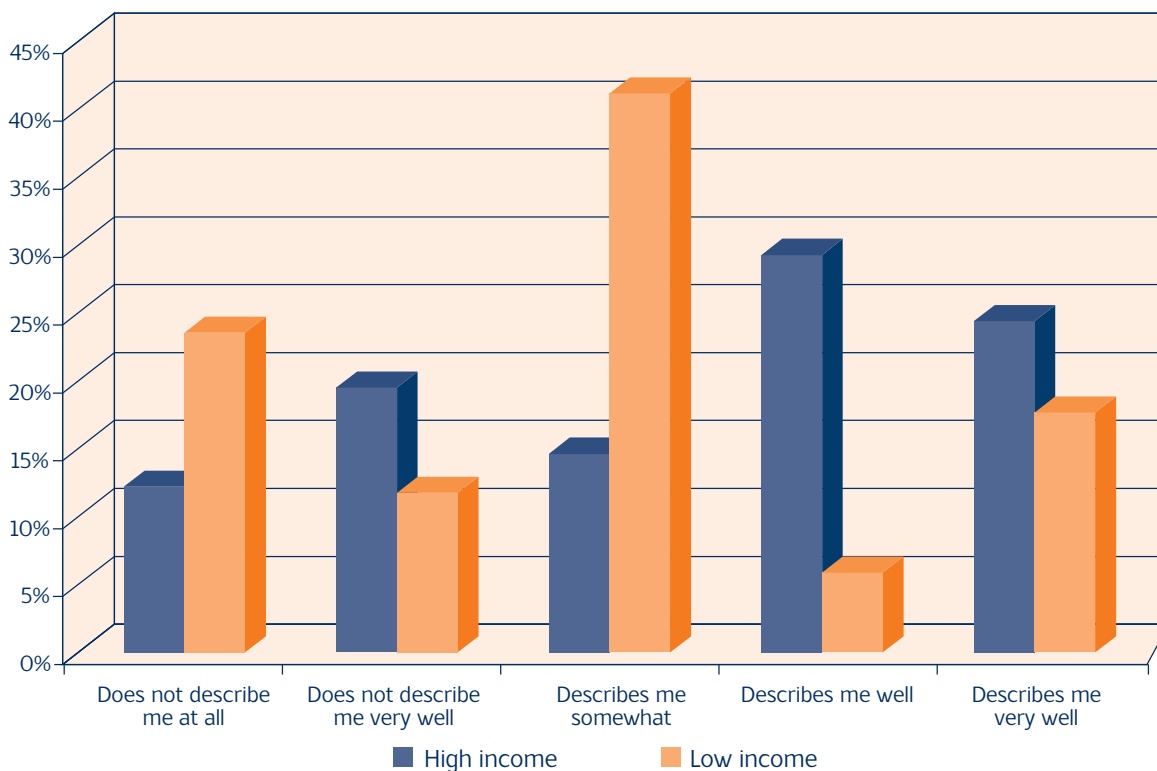


Figure 4. Expectations of Having Enough for Retirement, by Income Level

I expect Social Security and my retirement savings to be enough to live comfortably in retirement



This attitude is echoed in another statement on the values scale, “To me, pleasure is sponsoring celebrations for members of my family.” We ran a cross correlation of that statement with income, by generation. We found that for first-generation Mexican Americans (those born in Mexico), sponsoring celebrations is positively correlated with income. However, for second-generation Mexican Americans (those born in the United States), the statement is negatively correlated with income. In other words, whereas first-generation immigrants like to sponsor celebrations when they can afford to, which is a reflection of their collectivist attitude, some second-generation immigrants turn their back on the social network as they accumulate more income. The second generation straddles collectivist and individualistic approaches to generosity and gift giving. In the collectivist view, reciprocity takes the form of diffuse, generalized or delayed exchange, whereas in the individualistic approach exchanges should be balanced and issue from a position of independence. These data provide evidence that as immigrants integrate into American culture, they begin to leave behind their collectivist attitudes and adopt aspects of the individualistic ethic.

Participants who stated that they succeeded because of their own efforts alone, which indicates an individualistic outlook, were more likely to state that they felt prepared for retirement. An independent individual has to save and does not expect to rely on others to support him or her in retirement.

Finally, those most likely to state that they expected to go to live in Mexico when they are old were foreign-born (Figure 5). Non-professional participants were the most likely to state that they planned to go back to Mexico in case of illness (Figure 6). This variable was strongly correlated with being less likely to feel ready for retirement. The results of this analysis are tabulated below:

Figure 5. Expectations of Retirement in Mexico, by Generation

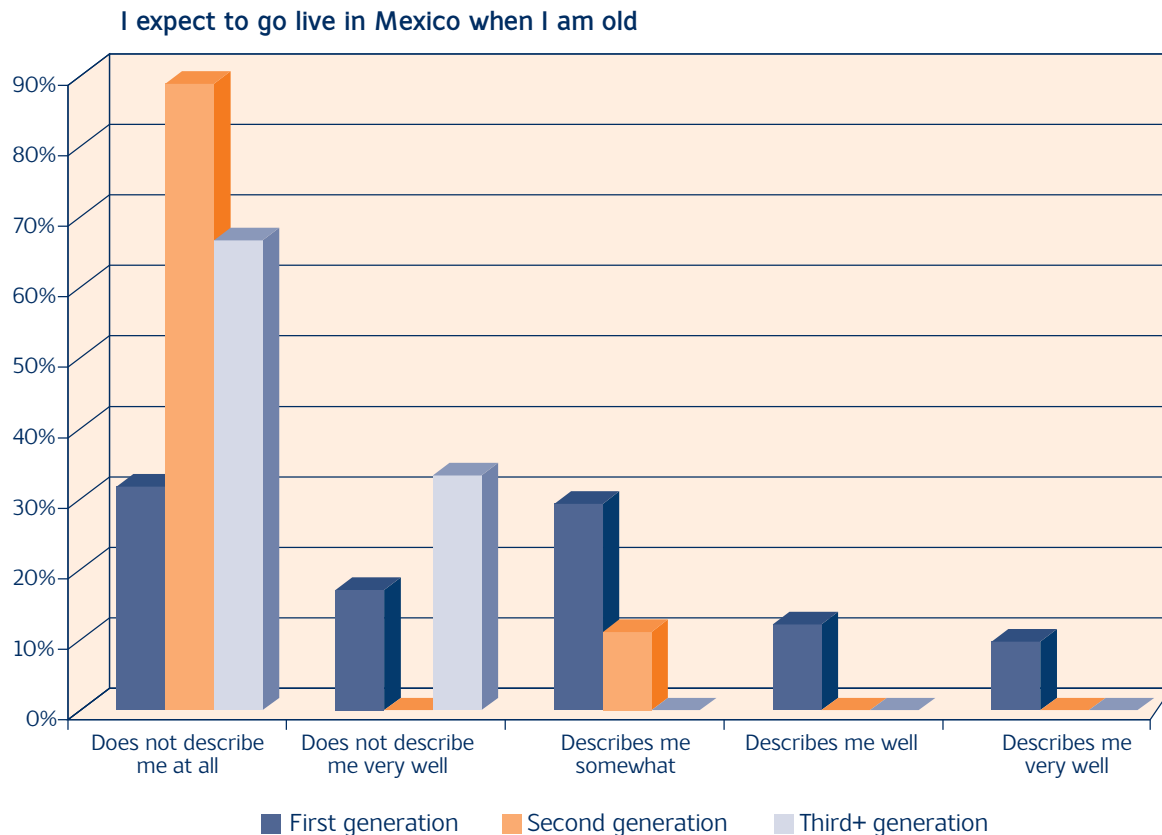


Figure 6. Expectations of Returning to Mexico If Sick, by Occupational Status

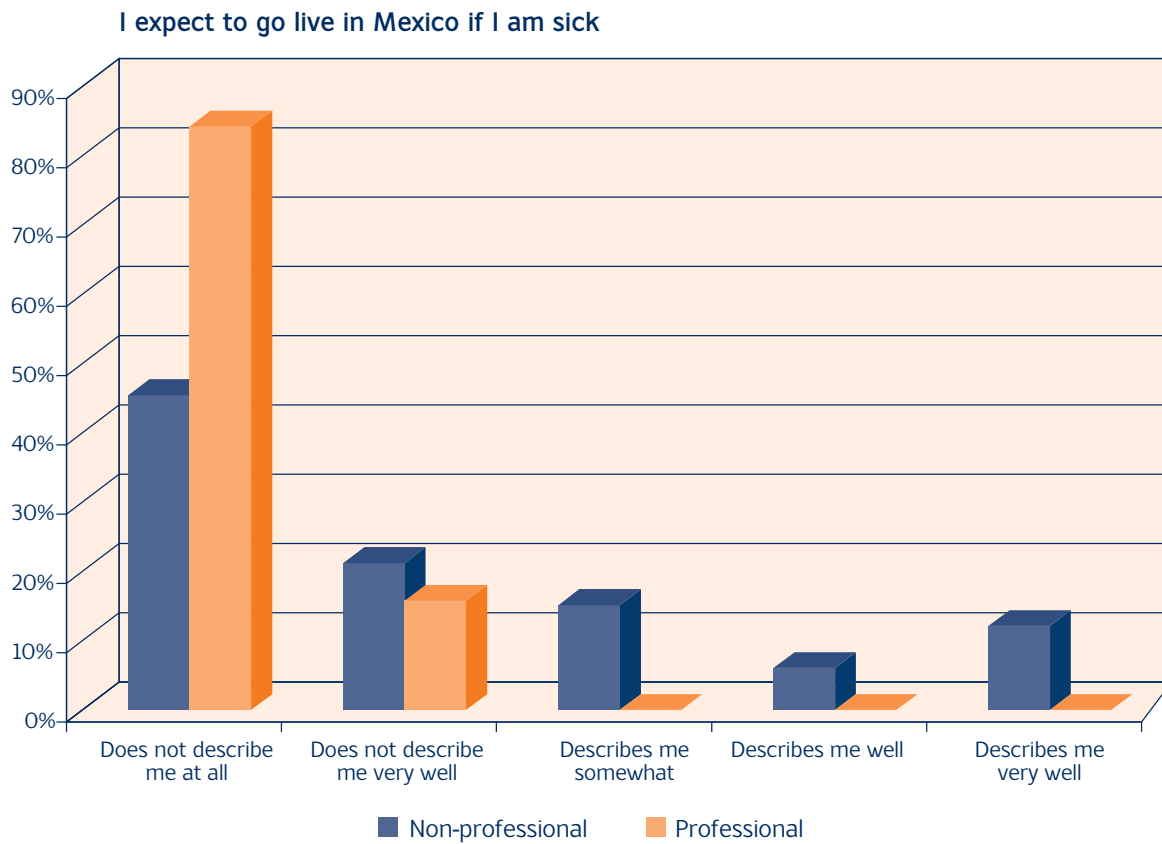


Table 8. Multivariate Analysis of Focus Group Confidence in Having Enough for Retirement in Relation to Collectivism, Transnationalism, and Trust

Dependent variable:	Social Security and retirement savings are enough	
Generation	-0.652	**
HS degree /some college	-2.161	**
College degree or better	-0.364	
Has children	-0.936	*
Income	0.086	
Sends remittances back	1.416	**
Has money market /checking account, or CD	-1.137	*
I would borrow \$ to help others	0.280	
I succeeded by myself	0.402	**
I succeeded because of my family	0.176	
I plan to go back to Mexico if I get sick	-0.669	**
R-squared: 0.668	N=41	

* Indicates significance at the 5% level or better.

** Indicates significance at the 5-10% level.

Multivariate Analysis of National, Local, and Comparative Data Sets

Three large data sources provided a reliable basis for local and national comparison. First, we compared information on Mexican Americans in Chicago with their counterparts in Los Angeles, the only other urban area with a comparable (and even larger) Mexican-origin population. Second, we compared data from these two local areas with national-level data, covering Mexican Americans in the United States as a whole. These quantitative sources include:

- **Data from our research site in Chicago: Chicago Area Survey (CAS)**—Our colleagues at the Institute for Latino Studies at the University of Notre Dame conducted this survey in 2004. The survey included 1,500 Latinos. Among the respondents, 501 self-identified as Mexican and 300 were first-generation or foreign-born Mexicans.
- **Data from a comparable metropolitan area: Immigration and Intergenerational Mobility in Metropolitan Los Angeles (IIMMLA)**—The IIMMLA was conducted in 2004 by researchers at the University of California, Irvine. The survey covered 4,655 foreign-born and foreign-parentage persons from five country-of-origin groups and 1,369 Mexican-origin respondents.
- **Data from national sources: Current Population Survey (CPS)**—The US Census Bureau and the Bureau of Labor Statistics conducted this 2009 national survey. It included 207,921 individuals and 8,097 foreign-born Mexican Americans.

We applied to these data sets our three major hypotheses about how Mexican Americans combine employer pensions, personal assets, and family ties to create a retirement wealth portfolio. Our hypotheses assert that Mexican immigrants' lower retirement and pension savings, even when they are eligible to participate, are influenced by social norms and cultural factors.

Hypotheses

***Hypothesis One:** The more people invest in their family network as their future retirement, the lower their individual savings for retirement, i.e. the more collectivist the persons, the lower their individual savings for retirement.*

Variables in the three data sets that proxy for the amount of collectivist sharing and mutual aid are used in order to test the hypothesis that the more people invest in their family network as their future retirement, the lower their individual savings for retirement. To find the degree to which collectivism predicts Mexican Americans' savings for retirement, we looked for proxies that point to evidence of collectivism, including:

- Household composition and size
- Informal lending and borrowing
- Social interactions
- Entrepreneurship and self-employment

Hypothesis Two: *The more people are transnational, as an expression of their collectivism, the lower their individual savings for retirement and individual contributions to pension plans for which they are eligible.*

When collectivist relationships actively span long distances and national borders, the involved relatives are said to be “transnationalist.” To find the degree to which transnationalism predicts Mexican immigrants’ savings for retirement, we sought proxies, that included:

- Relatives abroad
- Languages (proficiency)
- Remittances (type, frequency, and amount)
- Cross-border communications
- Trips to country of origin (type, frequency, and length of stay)
- Transnational investments and enterprises
- Media consumption (news from and about country of origin)

Hypothesis Three: *The more people trust financial institutions, the higher their individual savings for retirement and individual contributions to pension plans for which they are eligible.*

Among other American demographic groups, educational level and being “banked” are strong indicators of being involved in pension plans for which one is eligible. Are Mexican Americans’ any different from their counterparts in this regard? To find the degree to which trust predicts Mexican immigrants’ savings for retirement, we sought proxies that included:

- Bank account
- Use of ATM
- Credit Card
- Education

Analysis of the Chicago Area Survey

The Chicago Area Survey (CAS) included 1,500 Latinos, 501 of who self-identified as Mexican and 300 of whom were first-generation Mexican Americans. The CAS investigators asked respondents questions about family arrangements, connections to Mexico, and engagements with American financial institutions. Some questions uncovered whether the subject identified with more than one home country; we consider these responses as proxies for transnationalism. Other questions inquired whether individuals saw themselves as being part of a larger group that took responsibility for each other; we consider these responses as proxies for collectivism. Last, some questions revealed whether the respondent trusted American financial institutions and used such services.

We treated the responses to these questions as independent variables in a multivariate regression designed to identify factors that explain the probability that people participate in retirement plans, own one, or are susceptible to market or policy efforts to attract them into a retirement account.

The results of our focus groups in Chicago suggest that among Mexican Americans, the influence of distinctive non-American cultural influences dissipate or fade over the generations. Therefore, we ran three separate regressions for each generation, noting that Mexican immigrant generations may be closer in age than other demographics because of the early age of childbearing. The first generation

is defined as those people who were born in Mexico (foreign born). The second generation has one or both parents born in Mexico and the third generation does not have parents born in Mexico. As we expected, the statistical analysis reveals that the factors influencing retirement account ownership were often very different by generation.

We sought to discern cultural and experiential pathways that explain how retirement savings relate to national identity and family connections. We identified three major influences on retirement account ownership and pension plan participation: collectivism, transnationalism, and trust in financial institutions. The probit regressions investigating the factors that affect the probability of having a retirement account are displayed on Table 9 and the results are discussed here.

We found that the factors that indicate a collectivist orientation were negatively related to retirement account participation for first-generation immigrants, which is consistent with our expectations. Those factors, however, were not significant for second-generation Mexican Americans, and only slightly significant for third-generation Mexican Americans.

A number of questions were used to indicate attitudes and behaviors that constitute a collectivist cultural framework. As one proxy for collectivism, we considered the answer to the question, “Do you know where ten or more of your neighbors work?” The coefficient on this variable was negative for all immigrants, but it was significant only for the third generation.

We subsequently considered the answer to the question, “Are you or your family living here owed any money by friends or other relatives who do not live here?” as an indicator of collectivism. The coefficient on this variable was negative and significant for the first generation, insignificant for the second generation, and positive and significant for the third generation. This question assesses two different impacts. First, the question implies a collectivist attitude, because if you lend money to others, you care about other people. Second, if you lend money to people, the behavior further suggests that you have access to money, whether individually or via your social network, to lend. In the absence of any measure of income, this variable is then assessing the effect of income on retirement savings.

We conclude that first-generation Mexican Americans with a collectivist orientation are less likely to have a retirement account. We also infer that income considerations are more influential for the third generation than for their parents and grandparents.

With regard to the transnational pathway, we found evidence that transnationalism mitigates the likelihood of having a retirement account. We had considered home ownership to be a clear indication of less identification with other nations and thus less transnationalism. Thus, we were especially interested in the finding that home ownership had an insignificant effect on retirement savings for the first two generations and a negative effect on retirement savings for the third generation. We had hypothesized that owning a home helps a person become rooted in the US economy and, therefore, more prone to acquire a retirement account from an American financial institution. As we looked more closely at home ownership and buying in the US community, we concluded that the results are explained by the use of personal savings for mortgage payments. Mortgage payments leave homeowners with little cash reserves to allocate for retirement.

To further measure attitudes and behaviors associated with transnationalism, we asked if individuals sent money to relatives or friends in Mexico. Remittance transmission may indicate that people have children, parents, or other dependents in Mexico. The answer to this question may indicate a person has more income. (Unfortunately, we do not have good income variables in the CAS,

which is a prominent reason we use more than one data set.) Having dependents in Mexico suggests a high degree of transnationalism. Results indicate that people who send money back to Mexico are more likely to have a retirement account in the first and third generations, but the results are insignificant for the second generation.

The CAS asked people how often they sent money to Mexico, which may be a better measure of the strength of a connection to Mexico. Consistent with the hypothesis, the results show that third-generation individuals who send money to Mexico on a frequent basis are less likely to have a retirement account. The results are insignificant for the first and second generations.

Another measure of transnationalism includes whether the Spanish language is spoken at home. The results on this variable are insignificant for the first two generations and negative for the third generation. With regard to language variables, the CAS asked people about their attitudes about children learning English and questions that indicate whether a person was bilingual. Dual or even triple language facility is no longer seen as a barrier to assimilation, though English and Spanish-speaking ability were used as proxies for transnationalism. The coefficient on English-speaking ability was positive and significant for the first generation; the second and third generations do speak English well. Immigrants who speak Spanish well are more connected to their country of origin and are less likely to save for retirement.

Another indicator of transnationalism addressed land ownership. Using the CAS question about whether a person owns land in Mexico, we found that for the second generation only, owning land in Mexico was a predictor for lower retirement savings.

The CAS question, “For political information, do you rely more heavily on Spanish-language TV, radio and newspapers, or on English-language TV, radio and newspapers?” was studied as an indicator of transnationalism. Our reasoning was that if respondents receive political information in English, they are not very transnational. The coefficient on this variable was positive and significant for both the second and third generations.

The preponderance of evidence on the indicators of transnationalism shows that the more a person identifies with Mexico the lower is their propensity to have a retirement account in the United States. This finding is in accordance with the transnational hypothesis that the more transnational a person is the more unlikely he or she is to have a retirement account.

Last, we examined CAS variables on the effect trust in American financial institutions has on retirement accounts. The results are very straightforward. We analyzed having a credit card, using an ATM, and having a checking account as proxies for trust in financial institutions. As we expected, these proxies are strongly and positively related to the probability that an individual would have a retirement account or participate in a pension plan. This effect is strong for all generations.

Table 9. Results of the Chicago Area Survey Analysis

Probit regression: dependent variable is a dummy variable indicating whether a person has a retirement account or pension plan of any kind.

Variable of Interest* (significant to the 95%**)	Generation 1	Generation 2	Generation 3
	Coefficient	Coefficient	Coefficient
Male	Not significant	1.11**	-1.31**
Age	Not significant	Not significant	Not significant
High school/GED/trade school	-.81**	Not significant	Not significant
Some college education or above	Not significant	Not significant	Not significant
Collectivism Variables			
Household size	-.19	-.296	Not significant
Knows where neighbors work	-	Not significant	-1.74**
Owed money by others	-3.52**	Not significant	6.63**
Transnationalism Variables			
Sends money to Mexico	1.09**	Not significant	6.68**
Sends money to Mexico often	Not significant	Not significant	-12.38**
Speaks English well	.86**	Omitted	Omitted
Someone in the household needs to learn English	Not significant	Not significant	Omitted
Language spoken at home (increases as English replaces Spanish)	Not significant	Not significant	-1.52**
Spanish speaking ability	Not significant	Not significant	Not significant
Think children in grade school should be taught in English only, Spanish only, or both	-2.35**	-1.95**	1.94**
Think children in high school should be taught in English only, Spanish only, or both	Not significant	2.13**	Not significant
Owens or expects to inherit land in Mexico	Not significant	-2.41**	Not significant
Bilingual	Not significant	Not significant	Not significant
Language of political information is English	Not significant	1.01**	1.64**
Trust in Financial System Variables			
Owens a credit or ATM card	1.36**	2.69**	Not significant
Owens a bank account	Not significant	.98**	1.85**
Constant	Not significant	-10.91**	-9.58**
Pseudo R-squared	.468	.683	.594
Number of observations	185	120	106

* T statistic not shown.

** Indicates significance at the 5% level or better.

Analysis of Immigration and Intergenerational Mobility in Metropolitan Los Angeles (IIMMLA) Survey

Using the second data set, the 2004 Immigration and Intergenerational Mobility in Metropolitan Los Angeles (IIMMLA), the dependent variable is whether a person owns any investment vehicle, including retirement accounts. It should be noted we assumed that people who answered the question about financial investments did not include their employee pension plan in their investment portfolio.

Although we hypothesized that an individual several generations away from the initial immigration would be more likely to invest, we found no meaningful differences among the generations. This result could be due to a real effect; that is, there are no meaningful differences or we could not get enough variations in the dependent or independent variable. The only relevant difference is that when we broke the group down by generation, the number of persons in the household had a negative impact on the likelihood of investing for the second generation. This finding supports the view that collectivism means people living in large households rely upon each other instead of on individual investments.

The other measure of collectivism in the data is family enterprise. Family enterprise is typically categorized as “self-employment,” a term that deflects attention to the cooperative nature of most small businesses. Our analysis of the IIMMLA data finds that being “self-employed” has a significant negative impact on investing. Self-employed workers often invest in their own businesses, leaving little to no extra income for investing in personal retirement. In addition, “self-employment” is a family-based enterprise in which collectivism trumps personal savings, and for self-employed entrepreneurs, starting and maintaining a pension is voluntary. Pension-plan participation is much easier for workers when their employer sponsors a retirement plan, and, even more so, when enrollment is automatic—a scenario more likely to be found in the large employment settings of government, corporations, and universities. The probit regressions investigating the factors that affect the probability of having an investment account are displayed on Table 10 and the results are discussed here.

Examination of IIMMLA data on education indicates that the higher a person’s educational attainment, the more likely he or she is to invest. This finding is consistent with the hypothesis that more education is associated with more trust in financial institutions, and we know that the latter improves the likelihood of investing and saving for retirement. Additionally, having a bank account increases the likelihood of investing.

In further investigation of the transnationalist hypothesis, we find that having relatives abroad suppresses one’s saving rate. Moreover, if an individual pays attention to Mexican politics, then that person is less likely to save in US-based financial instruments. These results are consistent with the transnational hypothesis. We did find that people who visited Mexico more often were more likely to have investments; income is controlled for in this regression, so this result does not pick up an income effect. We do not have an explanation for this result.

If individuals speak Spanish in the home, they are more likely to have investments. (Again, with income controlled for, this finding may be merely picking up the changing norms that being bilingual has for those people who want to assimilate as discussed above.)

We analyzed other variables in the IIMMLA, but did not report the results because all were insignificant for each of the generations. These other variables included those that indicate the person had less than a high school education, home ownership, number of adults in the household, number

of adults living in the household who contributed to the household income, whether or not the respondent had relatives in the Los Angeles area, if remittances were sent abroad, if the individual was foreign born, had foreign born parents, was a non-citizen, ever served in the military, had close relatives abroad, and listened to Spanish-language media.

The preponderance of evidence is consistent with the transnational hypothesis: the more assimilated one becomes the more one invests in US retirement institutions.

Table 10. Results of the IIMMLA Survey Analysis

Probit regression: dependent variable is a dummy variable indicating whether a person has an investment account of any kind.

Variable of Interest* reporting only those with significant results	Pooled Sample		Generation 1 (Oldest)		Generation 2 (Youngest)	
Dependent Variable: Whether a person has an investment account of any kind	Coefficient		Coefficient		Coefficient	
College (some or degree)	0.548	**	0.690	*		
Owns a bank account	0.786	**	0.630	*	1.436	**
Self Employed	-0.497	*	Not significant		Not significant	**
How often he/she visits Mexico	0.007	**	Not significant		Not significant	
Spanish spoken at home	0.341	*	Not significant		Not significant	
Pays attention to Mexican politics	-0.243	*	Not significant		Not significant	
Income	0.447	**	.268	**	0.581	**
Intercept	-2.161	**	-1.574		-3.144	**
Number of observations	456		167		289	
Pseudo R-squared	0.3033		0.2856		0.3502	
Wald Chi-squared	144.39		73.45		105.11	

* Indicates significance at the 5–10% level.

** Indicates significance at the 5% level or less.

Analysis of the Current Population Survey

The Current Population Survey (CPS) of 2009, a national-level survey, included 207,921 individuals and 8,097 Mexican immigrants. The CPS thus contains a wealth of variables on income and over 22,000 observations. Using this database, we have a straightforward way to divide generations among people who define themselves as “Mexicans.” The first generation is defined as having been born in Mexico; the second generation had one or more parents born in Mexico. The third generation, who had one or more grandparents born in Mexico, identified themselves as Mexican even though they and their parents were born in the United States. The probit regressions investigating the factors that affect the probability of having a retirement account are displayed on Table 11 and the results are discussed here.

The dependent variable we used in the regression is an indicator of whether a person participated in a pension plan or had a retirement account. Breaking down the data by generation did not produce very different results, except that being female significantly reduces the probability of saving for retirement for the first generation. This negative effect, however, becomes weaker and eventually loses its significance by the time we reach the third generation. Home ownership has a positive impact on saving for retirement for the first generation, but that effect disappears completely for subsequent generations. These results could be explained by the possibility that older foreign-born respondents have been in the United States long enough to have nearly or completely paid their mortgage and to have set aside some retirement savings. If their younger second- and third-generation counterparts have significant mortgage obligations, they may not be able to save for retirement.

Turning to the next set of select variables in the Current Population Survey, given that the results were mostly similar across generations, we refer in the following section to the pooled results. We found, not surprisingly, that older people, who presumably care more about retirement and have been with an employer for a longer period of time, are more likely to participate in a retirement plan, as do people with more education and income. As was the case using the previous data sets, we found that use of a bank account indicated a higher propensity to participate in a plan for retirement asset accumulation. In this way, Mexican Americans are no different from other American groups. In reference to household composition, the more adults living in the household, the less likely they are to have savings or retirement accounts. We interpret this variable as being an indicator of collectivism, which supports the collectivism hypothesis. The result can also mean that retirement savings fall with the number of adults in the household, presumably because the people who live in cramped quarters are in reduced economic circumstances. We could expect this pattern to be even more pronounced since the start of the recession in 2007. The CPS data corroborated the IIMMLA survey on self-employment: being self-employed means that a person is less likely to have a pension plan.

Consistent with the transnational hypothesis, being a US citizen is correlated with participating in a retirement plan. Military experience, which we assumed would correlate with a higher likelihood of having a retirement account, instead indicates a reduced propensity to have a retirement account. In addition, whereas being foreign-born has a positive and significant impact on saving for retirement, this impact is not present when the data is broken down by generation.

Table 11. Results of the Current Population Survey Analysis

Probit regression: dependent variable is a dummy variable indicating whether a person participates in a retirement pension plan or has a retirement account.

Variable of Interest* (reporting only those with significant results)	Coefficient	T Statistic
Age	0.01	14.32
Gender (dummy variable for being female)	-0.12	-4.29
High school education	0.72	23.61
College education or higher	0.84	17.11
Have a bank account	0.50	14.95
Person total income	7.62e-06	17.53
Household total income	0.02	15.90
Number of adults in the household	-0.098	-6.51
Self employed	-0.34	-7.06
Foreign born	0.22	3.11
Ever served in the military	-0.38	-5.30
US Citizen	0.23	5.14
Chi-squared = 4963.94, Pseudo R-squared 0.31; N = 22,732		

* Variables with non-significant coefficients include: generation, dummy for home ownership, number of families in the household, and having foreign-born parents.

In conclusion, findings from all three databases indicate that collectivism and transnationalism have a great deal of influence on retirement account participation when all of the usual factors such as age, income, and education are controlled for. The more people invest in their family network as their future retirement (i.e., the more collectivist the persons), the lower their individual savings for retirement.

Transnational networks are a strong indicator of collectivism. The more people are transnational, the lower their individual savings for retirement and individual contributions to pension plans for which they are eligible. The more people trust financial institutions, the higher their individual savings for retirement and individual contributions to pension plans for which they are eligible. People who are collectivist might trust in financial institutions, but collectivism may be at odds with the individualistic goals that are the basis of retirement savings accounts. As Ariel-Hewitt (2009) recently found, Latinos are more likely than other groups to compromise their retirement accounts through withdrawals and loans. The need to help others in one's network and meanwhile bolster one's own social wealth may trump saving for one's individual retirement.

Findings

The study on *Confianza, Savings, and Retirement* has uncovered the following findings:

Findings Related to Cultural and Social Influences

- Trust in financial institutions is a key factor in using retirement account vehicles.
- Lack of trust in our financial institutions affects savings behavior of many cohorts in the Mexican-American population, from professional to non-professional, for different reasons. The financial crisis of 2008 was a factor in professionals' loss of confidence. Estrangement is a primary reason for lack of trust in banks on the part of non-professionals.
- Language is not a barrier to Mexican Americans saving for retirement.
- Gender is not a barrier to Mexican Americans saving for retirement.
- Age is not devalued in Mexican-American societies and seniors demonstrate ample self-esteem. Comparative, cross-cultural anthropological research indicates that in societies that value seniority and correlate old age with prestige-generating status, seniors are less prone to mental and physical debility.
- The cultural values identified with collectivism inform the social and financial practices of most *first-generation* Mexican immigrants in our study and many study participants of the second generation, including professionals. The value structure of individualism more strongly influences the social behavior and financial decision making of third-generation Mexican Americans.
- New Mexican immigrants to the United States are typically outraged at the dissolution of the pact between the generations, which is reinforced through spatial and social segregation of age groups in the United States. Outsiders' perspectives can help shed critical light on what those inside the society take for granted as natural or inevitable. Newcomers' initial abhorrent reaction to the radical segregation of generations and the corresponding devaluation of old age is a reminder that our approach is neither natural nor inevitable. Their reactions are reminiscent of the classic study by another foreigner, Alexis de Toqueville, who wrote in 1840 that America's extreme focus on individualism causes persons to lose the connections both to those who preceded them and those who come after. It "makes every man forget his ancestors, but it hides his descendants and separates his contemporaries from him; it throws him back forever upon himself alone, and threatens in the end to confine him entirely within the solitude of his own heart" (2000, 508).
- Mexican immigrants arrive in the United States with a cultural model of an extended family and intergenerational households. Even though the host society hardly recognizes or endorses these social institutions, these institutions have helped the immigrants adapt to the current economic crisis. Their collectivist attitudes and practices need to be understood in their own right and as resources to inform those helping many in the United States struggling with the prospect of losing their financial and residential independence. Many formerly middle-class Americans are coping with the loss of their financial footing by forming intergenerational households. Because the new housemates have been raised with an individualistic ethic and see a loss of independence as failure, some individuals may experience these new arrangements as "dehumanizing": "You lose that sense of independence, privacy, and self-esteem...[Y]ou lose...your identity" (Armour 2009).

Findings Related to Community and Public Programs and Policies

- Social Security is an essential system for alleviating poverty among seniors who have no other retirement savings, but Social Security falls short in providing an adequate quality of life for retired workers.
- Community senior centers compensate in part for these shortfalls. Senior centers are a vital hub of social, emotional, economic, cultural, and physical support to low-income seniors, including Mexican immigrant retirees. The seniors do not just accept services from the centers; rather, they are active participants, creating their own programs and activities. These activities can foster esteem, solidarity, recreation, creativity, and cooperation. One example is the Mexican immigrant senior women's industrious needlework circle at the Southside Senior Center.
- Medicaid and federal, state, and local subsidies for seniors' residential utilities, home repairs, and public transportation provide needed support to low-income elderly. These discounts compensate for the shortfall in the seniors' Social Security income. The community senior centers assist members in applying for these benefits.

Findings Related to Retirement and Pensions

- The collectivist culture and social environment may make individual savings, including retirement savings, vulnerable to the needs of family member and community members.
- The defined contribution retirement (401[k]) plan was originally designed for executives and its income deferral structure is most beneficial to those at the higher end of the income scale. The tax deductions incurred from a 401(k) plan are less helpful to low-income workers. More importantly, the voluntary nature of the defined contribution plan is more suited to a culture where individual independence and self-reliance are hallowed values. For people who have a collectivist orientation (those who “cannot say ‘no’” to others in need in their network), a voluntary plan is less advantageous—and even harmful—because they may not only lose their savings, but also pay penalties for early withdrawals and unrequited loans.
- Young Mexican-American adults reaching for the American Dream through the education pathway face a particular challenge in preparing for retirement. Many who come from low- and middle-income immigrant families that cannot afford tuition, and cannot qualify for scholarships either, incur substantial loans. They graduate with huge educational debts, which delay starting to save for retirement.
- College students who do qualify for scholarships are in a much stronger position. Second-generation college students, who often have a collectivist orientation, attribute their successes in significant part to their family networks and intend to reciprocate these networks as they age.

Findings Related to Transnationalism and Migration

- The collectivist values of most Mexican immigrants are the basis of their transborder involvement. First-generation immigrants maintain a transnational orientation whether or not they make frequent trips to Mexico or intend to return there permanently to live. Modern communications technology makes it easier to be actively involved in transborder family life. Immigrants' long-

distance participation in another society does not preclude their integration into the United States financial or social systems.

- Most Mexican-American workers do not have access to employer-provided pension plans. The reasons, outlined in our previous study (Ghilarducci and Richman 2008), include employment in industries and smaller firms that do not offer retirement plans and/or ineligibility for workers to participate in an employer's plan. Those Mexican Americans who do contribute to their employer-provided defined contribution (401[k]) plans are still at risk of losing these savings. These risks are magnified in the contemporary economic crisis. Latinos, of which Mexican Americans are the majority, tend to take out loans and hardship withdrawals from their retirement accounts more often than their white or Asian counterparts. They incur penalties for the withdrawals, magnifying the loss to their savings. According to the Ariel-Hewitt study (2009), a third of Hispanics borrowed from their retirement accounts compared to two in five black employees and one in five white workers.
- Mexican immigrants have not responded to the generalized recession by leaving the United States and returning to Mexico. While the flow of Mexicans entering the United States has declined sharply since 2005, few Mexican-born immigrants in the United States are leaving (Passel and Cohn 2009). As long as economic and social conditions remain unfavorable in the economy of origin, they are unlikely to return permanently to their homelands. Furthermore, if their children and grandchildren are established American citizens, they are unlikely to want to be away from their kin for too long. Many seniors will split their time between their two homes.
- One of the reasons for the continued depression in origin communities is the decline in remittances. Mexican immigrants' money transfers to Mexico have continued to drop precipitously each year since the start of the recession in 2007. In 2009 remittances were 13.4 percent lower than (already depressed) rates of transfer in 2008.
- Remittances are an informal mode of retirement savings but they do not necessarily conflict with formal savings for retirement. The decline in remittances should not, however, be interpreted as a boon for formal retirement savings. Remittance transmission can be more efficient and cost-effective and, at the same time, promote banking through the adoption of mobile communications technology. Access to mobile telephones is far more widespread than access to financial



institutions, especially among poorer sectors of the population. More people use cell phones than use banks; cellular telephones are now ubiquitous in Mexico, even in rural areas, which lack other landline utilities. The United States and Latin America lag behind Asia and Africa in rates of “mobile banking.”

Policy Recommendations

The study on *Confianza, Savings, and Retirement* puts forward the following recommendations:

Policies to Promote Immigrants' Savings and Retirement Security

- We recommend exploring ways to formalize and expand Mexican immigrants' informal financial institutions. Many Mexican Americans, especially first-generation immigrants, tend to make financial decisions in the context of a collectivist culture and society. Second Federal Savings in Chicago and Neighborhood Trust Federal Credit Union in New York are two examples of institutions that have recognized immigrants' informal savings circles, or *tanda*, as viable savings. These financial institutions have accepted participants' *tanda* receipts as evidence of credit-worthiness. Securing savers' *tanda* funds in formal savings accounts would be the logical next step. Once established, *tanda* savings accounts can transition to long-term formats, including retirement accounts.
- As with other populations, the main barrier to savings accumulation for Mexican Americans is that savings is a voluntary decision, so pressure to “invest” in the collective system may deter individual savings. We therefore recommend policies to mandate retirement savings—such as a defined benefit structure or an expanded Social Security system.
- The recommended automatic or mandated plans should limit lump-sum withdrawals. The poor are more likely than other income groups to drain their modest retirement assets. The penalties for loans and withdrawals against voluntary retirement savings plans hurt the poor the most. Economic and financial policy makers need to understand how important a “locked box” is to retirement savings. Mandating retirement savings and limiting or prohibiting withdrawals will help this group of workers accumulate more retirement assets.
- Since trust in financial institutions is a key driver to using retirement account vehicles, efforts to bank the unbanked among the Mexican-American population will help promote individualized savings. Second Federal Savings in Chicago, North Shore Bank in Brookfield, Wisconsin, and Neighborhood Trust Federal Credit Union in New York City are also models for gaining the trust of the Mexican immigrant population. For example, Second Federal Savings partnered with the Mexican Consulate of Chicago to accept the Mexican identity card, *matrícula consular*, to establish a passbook account. In addition, workers who did not have a Social Security number were permitted to present their tax identification numbers and records to establish credit for mortgages. And these mortgages had lower default rates than subprime loans. These practices further enfranchised the immigrants into the financial system.
- Distrust of the financial system among professionals, including financial professionals, is significant and affects their participation in retirement savings. We recommend exploring ways to address their issues and concerns.
- Policies should bolster the Social Security system, the primary means, since 1935, to keep the elderly in the United States out of poverty. Most Mexican-American seniors worked all their lives until they reach retirement age. Yet they have little or no retirement savings. Social Security income, though modest, protects this population from the misery and humiliation

of poverty. Any diminution in their modest Social Security stipends and access to Medicaid will likely tip the balance of their acceptable but fragile existence.

- Explore ways to make college and professional schools more affordable to the children of low-income immigrants, many of whom are or will become US citizens. The burden of debt this population incurs upon graduation is a strong impediment to their financial security and their ability to prepare for retirement.
- Financial institutions and mobile communications firms should partner with one another to develop secure, efficient, and cost-effective means of mobile banking and offer incentives for senders and receivers of remittances to increase their financial incorporation. *First-generation* immigrants use remittances as an informal mode of saving for retirement, and policies should encourage secure, affordable, efficient transmission. Mobile communications technology can provide safe, efficient, and affordable means of transmitting funds between the members of transnational families. Immigrants, who use cellular telephones at high rates, can become banked through mobile money programs.



Policies to Support Community Institutions That Empower Seniors' and Families' Financial Well-being

- We recommend that efforts be exerted to support community financial institutions that have led the way to serve as welcoming financial institutions to the immigrants in their neighborhoods. The economic crisis has been especially hard on the low-income clients who were served by community banks such as Second Federal Savings. These community financial institutions are in crisis, and they have been denied access to the TARP funds, which rescued larger banks. Few banks in Chicago reached out as fully to the Mexican immigrants as did Second Federal or did as much to enfranchise Mexican Americans into the financial industry. Policies that would support the survival of this and other community banks are strongly endorsed by this study.
- Policies to protect senior centers and discounts to seniors for costs of housing and transportation are essential. The senior population cannot survive on their modest Social Security pensions alone. Vital aid is provided through community senior centers and from government-sponsored senior subsidies, which reduce the cost of living and transportation. The crisis in governmental finances has compelled the reduction or elimination of these essential sources of residential assistance and transportation aid to seniors. Yet community senior centers are closing or losing programs and staff. New York's senior centers faced severe cutbacks when the state reallocated Title Twenty federal funding for seniors to other programs (Chen 2010). Likely consequences of these reductions on Mexican Americans and other low-income seniors include reduced independence, increased homelessness and indigence, greater burdens for their adult children, some of whom are in financial crisis themselves, and extended use of nursing homes.

- Policy makers should be encouraged to reconsider assumptions that separation of generations and age-homogenous groupings are unequivocally desirable institutions for our society. Medical sociologists Ronald Angel and Jacqueline Angel (1997, 185) have called for “imaginative approaches to the life course” and for “policies that recognize the reality of generational interdependence.” They warn of the consequences of ignoring this urgently needed re-orientation of policy. “Without a generational consciousness and a deeper understanding of the world-views of different ages, cultures and social classes, we are doomed to a moral solitude that bodes ill for our continued survival as a society.”
- Since high self-esteem, age-heterogeneous interaction and structural intimacy are correlated with well being in seniors, policy makers and the public at large should be informed of the health and economic benefits of restoring the pact of interdependence between the generations. Researchers and the media have begun to recognize a trend toward multigenerational residences, which may be more sustainable in the long term (Pew Social Trends 2010).
- Housing and financial industries should develop programs that recognize multigenerational, interdependent family-household units. A model to address these challenges can be found in Chicago’s Pilsen neighborhood, home to many immigrants from Mexico. The Resurrection Project has led the initiative, in partnership with local and state government and a private financial firm, to develop a housing complex which fosters interaction between generations as well as income groups and is adjacent to a senior center and health clinic (Pilsen Portal 2011). Built on land blighted by foreclosures, Casa Morelos, the mixed-income apartment building, and Casa Maravilla, with affordable rental units for seniors, are designed to be sustainable in both social and material (“green technological”) ways.



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