

# The Role of Life Insurance Among Women & Multicultural Consumers

## Women & Multicultural Consumers are Driving the Change in Buying Power

Women currently control 51.3% of personal wealth in the United States with assets scheduled to increase from \$8 trillion to \$22 trillion by 2020.<sup>1,2</sup>

1 in 3 Americans in the U.S. today are multicultural, and by the year 2050 minorities will be the majority in America. In fact, 92% of the population growth in the United States from 2000 to 2010 came from multicultural groups.<sup>3</sup>

## Recognizing the Opportunities

Opportunities exist that can help you grow your business with multicultural markets.



• • • ➤ One-third of wives own no life insurance at all—despite the fact that 7 in 10 households are dual-income, and nearly 30% of wives earn more than their husbands.<sup>4</sup>



• • • ➤ African-Americans buy more life insurance than the general population motivated by a desire to avoid burdening others with burial expenses and leaving an inheritance to their loved ones.<sup>5</sup>



• • • ➤ 8 in 10 Asian Americans think life insurance is effective for retirement planning, yet 45% currently have no individual coverage.<sup>6</sup>



• • • ➤ 70% of Hispanic consumers agree they need life insurance; only 54% of Hispanics own life insurance.<sup>7</sup>



• • • ➤ LGBT communities understand the importance of life insurance as more than half (52%) own a life insurance policy.<sup>8</sup>

**It's up to you to seize these opportunities.**

<sup>1</sup>“Hot Topics: Women and Philanthropy, Sharing The Wealth,” *To the Contrary* hosted by Bonnie Erbe, PBS Online, August 18, 2012.

<sup>2</sup>The Wall Street Journal, “Clients from Venus,” <http://online.wsj.com/article/SB10001424052970204190504577040402069714264.html>, April 20, 2012.

<sup>3</sup>*When Multicultural is the Culture: Marketing to the New Face of America*, 2011 The Nielsen Company; 2010 Census, Nielsen Analysis.

<sup>4</sup>Facts from LIMRA: Life Insurance Awareness Month, September 2012.

<sup>5</sup>LIFE Foundation and LIMRA 2011 Insurance Barometer Study.

<sup>6</sup>*Prudential's Asian Americans on the Road to Retirement, March 2010.*

<sup>7</sup>LIFE Foundation and LIMRA 2011 Insurance Barometer Study.

<sup>8</sup>*Prudential's The LGBT Financial Experience, 2012–13.*



## FAST FACTS

## The Asian American Market



**Asian Americans** are less likely to own life insurance, but those who do choose higher face amounts.

### LIFE OWNERSHIP AT A GLANCE

% with Individual Coverage **31%**

Ratio of Individual Coverage to Income **1.82**

Median Death Benefit **\$200k**

Median Annual Premium Paid **\$800**

% of Life Policies that are Perm (vs. Term) **47%**

Source: *Macro Monitor, 2010.*

**DESPITE BEING STRONG BELIEVERS IN THE VALUE OF LIFE INSURANCE, RELATIVELY FEW ASIAN AMERICANS OWN LIFE INSURANCE, LIKELY BECAUSE OF HOW IT IS PRESENTED.**

HERE'S WHAT YOU NEED TO KNOW

#### LIFE INSURANCE OWNERSHIP

Asian Americans are less likely to own life insurance, but those who do choose higher face amounts. At the same time, Asian Americans have very aggressive retirement goals and a strong desire to leave a legacy. Many may also face the issues of being in the sandwich generation, caring for both children and parents. It is important to understand that in some Asian cultures, death may be a taboo topic, making discussing life insurance challenging. Framing life insurance as something that can help clients take care of both their children and their parents can provide a more comfortable way into the discussion. And emphasizing legacy planning is also an important and valuable context for the life insurance discussion.

#### KEY CHARACTERISTICS

##### Have Aggressive Retirement Goals

- **With the most aggressive retirement aspirations of any multicultural group**, 51% would like to retire before age 60, and 83% would like to retire before age 65.
- **Most believe that life insurance is an effective part of retirement planning.** 8 in 10 believe that life insurance is an effective part of retirement planning, yet only about 3 in 10 have individual coverage—potentially a very large opportunity.

##### Value Professional Help

- **They value experts who understand and appreciate their culture.** Asian Americans want to work with financial professionals who are knowledgeable about financial matters, understand their personal needs, and are willing to educate them. It's important to understand culture and values, but it's not as critical to be able to speak their ethnic language.

##### Favor Products with Something Tangible

- **They are open to discussions about permanent products.** There is a 2 to 1 preference for a permanent life insurance death benefit. PruLife® Universal Protector, with its no-lapse guarantees and competitive premiums, tends to be popular among those seeking permanent insurance.
- **They favor products that have a guaranteed return.** PruLife® Return of Premium Term is also popular because premiums paid in will be returned if the owner survives the level-premium period.
- **They are receptive to a combination.** Balancing UL Protector and ROP Term to meet short- and long-term needs is likely to appeal to them.

Source: *Asian Americans on the Road to Retirement, 2010.*

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## Important Qualities of a Financial Professional

Knowledgeable about financial matters

74%

Understands my personal needs

68%

Educates me about financial matters

61%

Has a value system aligned with mine

28%

Understands my ethnic culture

23%

Speaks my ethnic language

9%

Source: *Asian Americans on the Road to Retirement, 2010.*

### THE RISE IN BUYING POWER

While Asian Americans make up only 5% of the total U.S. population, their growth in buying power grew more than any other racial group between 2000 and 2012.\* What's more, their median household income of \$67,022 is 34% greater than the overall U.S. median income.\*\*

\* *Selig Center for Economic Growth, "The Multicultural Economy," 2012.*  
\*\* *2010 American Community Survey (1-Year Estimate), Table B19013D and B19013.*

### NEXT STEPS

- Be involved in the community to establish connections and gain trust.
- Use in-language materials when they are available, especially with those whose first language is not English. Use English language materials with first generation Americans.
- Seek to educate your clients, with open and honest communication, cultural sensitivity, and respect.
- Discuss life insurance in terms of its role in a total package that can take care of the family and help leave a legacy that is often much larger than the cost of the policy.
- Take advantage of the materials available on [pruxpress.com](http://pruxpress.com).

Armed with the information here and in Prudential's "**Asian Americans on the Road to Retirement, 2010**," you can have a deeper impact in this market that needs you.



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## FAST FACTS

## The African American Consumer

51%

believe that a financial advisor could help them make better financial decisions.



### What's important?

#### Among the top 10 priorities identified:

Having enough life insurance to protect loved ones

38%

Protecting existing investments and savings

35%

Leaving an inheritance for children or other heirs

29%

Funding for education for children or grandchildren

27%

### THE AFRICAN AMERICAN CONSUMER IS GENERALLY EAGER FOR FINANCIAL SERVICES HELP BUT UNDERINSURED.

#### HERE'S WHAT YOU NEED TO KNOW

##### LIFE INSURANCE OWNERSHIP

Compared to the general population, African American consumers place greater emphasis on the goal of having adequate life insurance<sup>1</sup> and are more likely to consider life insurance more important today than in the past.<sup>2</sup> They are more likely to own life insurance (40% vs. 37%) and twice as likely to consider purchasing life insurance for themselves or for someone else in the household.<sup>3</sup> Plus, about 6 in 10 provide financial support to someone else.

##### WOMEN PLAY A KEY ROLE IN FINANCIAL DECISIONS

African American women are significantly more likely to be decision-makers for the household. The majority of women surveyed are the primary breadwinners, and two-thirds of African American women work, compared to 58% of the general population. Plus, they are more likely to carry the financial responsibilities of the household on a single income as they are less likely than the general population to have a spouse or partner.

##### WANT ADVICE

Although a majority of this population would like advice on financial matters, 44% have never been contacted by an advisor. As a group, they have 13% less contact from a financial professional than the general population, yet they have a favorable view of financial advisors, with 51% agreeing that a financial advisor could help them make better financial decisions. And 8 in 10 say an advisor's ethnicity and gender do not matter to them.

##### BELIEVE IN THE POWER OF SMALL BUSINESS

57% of African Americans view small business as the path to financial freedom, according to the previous study, "The African American Financial Experience, 2011."

##### FAMILY- AND FAITH-BASED

The most important financial goals for African Americans center on family. African Americans show a high interest in learning about financial issues through church- and faith-based organizations.

<sup>1</sup> LIMRA "Understanding Today's African American Consumer" (2010).

<sup>2</sup> LIMRA "Marketing to African-Americans" (2004).

<sup>3</sup> ORC International Online Survey, October 2011.

All other statistics unless indicated otherwise are from Prudential's "The African American Financial Experience, 2013-2014."

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## What builds trust?

Promote financial literacy	46%
Support minority businesses	30%
Donate money within community	21%
Volunteer at community events	19%
Advertise locally	18%

Source of all preceding data unless otherwise noted: Prudential's "The African American Financial Experience, 2013-2014."

OWNERSHIP AMONG:	AFRICAN AMERICANS	GENERAL POPULATION
Employer-sponsored life insurance	43%	47%
Individual life insurance	40%	37%
Annuity	10%	13%
Long-term care insurance	16%	13%
Disability insurance	18%	16%

Source: Prudential's "The African American Financial Experience, 2013-2014."

## EARNING TRUST

African Americans have slightly higher confidence in financial institutions and are looking for guidance. Like the general population, African Americans expect financial companies to maintain a strong code of business ethics, demonstrate an understanding of their unique needs, and offer high-quality products and services. They are more likely than the general population to require greater focus on financial literacy, more engagement in their community, and greater diversity in hiring and advertising.

## THE RISE IN BUYING POWER OF AFRICAN AMERICANS

African Americans are an important, powerful, and integral part of the American landscape, comprising an influential and growing population that tends to be younger than the general market, with a rapidly emerging middle class and affluent segment.

1990

\$318 billion

2015

\$1.1 trillion

Source: Deloitte Review, 2011 and The Multicultural Economy 2012 by the Selig Center for Economic Growth.

## NEXT STEPS

- ▶ Make connections through church- and faith-based organizations.
- ▶ Include the women in the organization or household in your conversations.
- ▶ Understand that they are seeking to trust you first and then will listen to your advice.
- ▶ Provide entrepreneurs insight about business valuation and the benefits of life insurance to fund buy-sell agreements, key person insurance, and executive compensation.
- ▶ Take advantage of the general life insurance and business planning materials available on pruxpress.com.
- ▶ Armed with the information here and in Prudential's "The African American Financial Experience, 2013-2014" on pruxpress.com, you can have a deeper impact in this market that needs you.

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## FAST FACTS

## The Hispanic American Market



**Hispanic Americans** are the least likely to own life insurance.

### LIFE OWNERSHIP AT A GLANCE

% with Individual Coverage **23%**

Ratio of Individual Coverage to Income **2.06**

Median Death Benefit **\$110k**

Median Annual Premium Paid **\$800**

% of Life Policies that are Perm (vs. Term) **50%**

Source: Macro Monitor, 2010.

### THE HISPANIC AMERICAN MARKET IS NOT WELL PENETRATED BUT HAS PROMISING POTENTIAL.

HERE'S WHAT YOU NEED TO KNOW

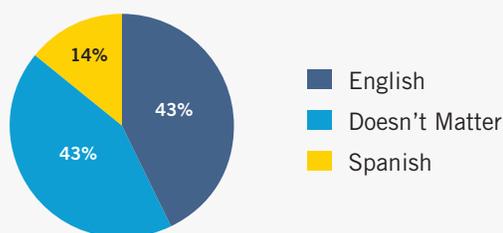
#### LIFE INSURANCE OWNERSHIP

Hispanic Americans are the least likely to own life insurance, but those who do have the highest coverage relative to income with higher annual premiums.

#### KEY CHARACTERISTICS

- **Expect more face-to-face contact.** On average, Hispanics expect three in-person visits during the life insurance sales process, compared to two among non-Hispanics. In particular, they expect their financial professional to be present at the time of both policy application and policy delivery.
- **Dealing locally is important.** Three-quarters of Hispanic Americans say that having a local office is an important consideration in choosing a financial relationship or professional.
- **Women are especially strong points of influence.** They are 1.5 times more likely to seek out a financial professional than men.
- **English is preferred among bilinguals.** Knowledge of Spanish is not a prerequisite for the bilingual Spanish community. 86% either prefer English or say it doesn't matter in which language they receive financial information.

#### Language Preferences for Financial Information among Bilinguals



Source of preceding data: *Hispanic Americans on the Road to Retirement, 2008. Prudential Life Insurance Multicultural Research, 2011.*

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## What's Important?

Percent who say "Very Important"

Secure adequate healthcare insurance

88%

Make sure you do not outlive savings

80%

Have enough money to achieve your desired lifestyle in retirement

76%

Help parents, children, family if needed

76%

Pass money on to children, heirs

55%

## THE RISE IN BUYING POWER

Hispanic Americans are the fastest growing market in the United States and currently represent the largest minority segment in the country—approximately 14.8% of the total U.S. population.

*Source: Prudential's "Hispanic Americans On the Road to Retirement," 2008.*

## NEXT STEPS

- Make connections through community organizations.
- Keep in mind that there are differences among "Hispanic" cultures but all value your honesty.
- This audience will be more open to a discussion of life insurance if you include it after discussing health or disability insurance.\*
- Take advantage of the materials available on pruxpress.com.

Armed with the information here and in Prudential's "**Hispanic Americans on the Road to Retirement, 2008**," you can have a deeper impact in this market that needs you.

**Look for the new "The Hispanic American Financial Experience" study, coming later this year!**



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\* The availability of health and disability insurance varies by carrier and state.

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## FAST FACTS

## The LGBT Financial Experience

**THE  
LGBT** community  
understands the value of life  
insurance and working with a  
financial professional.



Have a current life insurance policy.

52%

Feel confident that they are well prepared financially or only need help in a few selected areas when they work with a financial professional.

66%

The Lesbian, Gay, Bisexual, and Transgender (LGBT) community is made up of many individuals that, although different, share many similar financial needs. Understanding these needs—based on the complexities and restrictions of many state and federal laws—can help you become a trusted advisor who can understand and provide solutions to the challenges facing your clients in the LGBT community.

### ACCORDING TO THE LGBT FINANCIAL EXPERIENCE RESEARCH STUDY, THE LGBT COMMUNITY:

#### FEELS MORE CONFIDENT ABOUT THEIR FINANCIAL WELL-BEING WHEN THEY WORK WITH A FINANCIAL PROFESSIONAL

Individuals in this group feel less prepared to make wise financial decisions than the general population. Their tax, retirement, and estate planning are complicated by the intricacies of tax and family laws that affect LGBT couples and parents in differing ways throughout the country.

LGBT community members using a financial professional have significantly higher confidence, with two-thirds feeling either well prepared or needing help in only a few areas, compared to less than half of those without a financial professional.

#### UNDERSTANDS THE VALUE OF LIFE INSURANCE

Life insurance is a core product for the LGBT community, with 52% having a life insurance policy. Similar to the general U.S. population, ownership is higher among those who have experienced the life events that typically precede the purchase of a policy, such as owning a home, having a long-term partner, and having children. Those that make at least \$75,000 in annual income are also part of this target market in the LGBT community.

85% of the LGBT community believe life insurance is important to have and 56% believe they do not have enough life insurance coverage to meet their needs.

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## NEXT STEPS

- Work on understanding the needs of the LGBT community. A great resource is the Human Rights Campaign website ([www.hrc.org](http://www.hrc.org))\*, where you can research the current federal and state laws (focusing on the states in which you do business) concerning taxation, adoption laws, and estate planning for clients in the LGBT community. You can also find information on laws pertaining to legal recognition of relationship status on a state-by-state basis.
- Recognize that you don't have all the answers. There is no one approach to meeting the needs of the entire LGBT community. Having the willingness to take the time to learn more about a client's specific needs to determine what solutions can work best is more important than having an encyclopedic knowledge of the laws affecting the LGBT community.
- Reach out to LGBT organizations, letting them know you are well versed in the financial issues they face and interested in helping their members achieve financial security.
- Seek referrals from any LGBT clients you have worked with to increase your profile in the community.

Armed with the information here and in “**The LGBT Financial Experience, 2012—2013 Prudential Research Study**,” you can have a deeper impact in this market that needs you.

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## FAST FACTS

## The Women's Market



Among

# WOMEN,

most financial product purchases are made between ages 40 and 60.

### LIFE OWNERSHIP AMONG WOMEN

#### Recent Purchase and Intent to Purchase of Women Earning \$50k+ of Personal Income:

4.3% purchased life insurance in the past year, compared to 4.5% of men earning \$50k+ of personal income.

6.4% are "very likely" to buy life insurance in the next 12 months compared to 6.6% of men earning \$50k+ of personal income.

Source: Data compiled from GfK MRI Doublebase 2012 (Wave 63-66).

**THE WOMEN'S SEGMENT IS OFTEN UNDER-SERVED BY THE LIFE INSURANCE INDUSTRY AND HAS A LOT OF UNTAPPED POTENTIAL.**

HERE'S WHAT YOU NEED TO KNOW

#### LIFE INSURANCE OWNERSHIP

Most financial product purchases are made between ages 40 and 60 and when household income is between \$62k and \$112k.

#### KEY CHARACTERISTICS

##### Financial Clout

- 53% of women today are primary breadwinners—that is, they're the sole earner or the primary earner—accounting for both single and coupled women.
- 22% of women make more money than their partner or spouse. This means that they have more earning power and sometimes greater financial influence.
- Across many cultures, women are influential in financial decision-making.

##### Collaborative Approach

- Women prefer a more collaborative approach to financial decision-making.

##### Loyal to Their Financial Professionals

- 59% say they rely on a financial professional when purchasing products, compared to 45% of men.
- Women are more likely to refer their financial professionals to friends and family. According to a recent survey we did, women are approximately 20% more likely to have recommended their financial professional.

Source: *Financial Experiences & Behaviors Among Women, 2012. Prudential Client Communications Research, 2012.*

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## What's Important?

(% of Women who say "Very" or "Somewhat Important")

Have enough money to maintain your lifestyle throughout retirement

93%

Not become a financial burden to your loved ones

91%

Make sure you do not outlive or fully spend all your savings

88%

Maintain a standard of living for your family in the event that you die unexpectedly or become disabled

82%

Protect investments and retirement savings from market volatility

78%

Source: *Financial Experience and Behaviors Among Women*, Prudential 2012.

## WOMEN MAKE 85% OF THE BUYING DECISIONS FOR THEIR HOUSEHOLDS.

### THE RISE IN BUYING POWER

"Everyone knows, or has long suspected, that the purse strings are held by women. It's often repeated that they make 85% of the buying decisions or are the chief purchasing officers of their households. The difference today—one that has enormous consequences across global economies—is that women are also the earners. In October 2009, the U.S. workforce became nearly half female ... according to the Bureau of Labor Statistics."

Source: *Time*, "Woman Power: The Rise of the Sheconomy." Belinda Luscombe, November 22, 2010.

### NEXT STEPS

- Connect to women through community activities and circles of influence.
- When meeting with married or partnered women, be sure to use language such as "you both," "shared," or "joint," that reflects the shared financial decision-making.
- Understand that women generally need time to reflect on what you've presented, talk to people about it, and do some of their own research before making a decision.
- Provide printed materials explaining what you're presenting. At least 50% of all women will review them and likely discuss them with a spouse, friend, or coworker.
- Take advantage of the materials available on pruxpress.com.

Armed with the information here and in Prudential's "**Financial Experience & Behaviors Among Women, 2012 - 2013**," you can have a deeper impact in this market that needs you.



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