



The Latino Wealth Journey

Understanding How to
Expand Multigenerational
Wealth Accumulation

EXECUTIVE SUMMARY

The Hispanic/Latino population has quadrupled since 1980 and represents more than 65 million people in the US with an economic output of \$2.8 trillion and nearly 5 million businesses in the US, as reported in the Stanford Latino Entrepreneurship Initiative's 2023 report.

According to Nielsen, 58 percent of US Hispanics are under thirty-four years of age, and 31 percent are under the age of seventeen. The average age for Hispanic/Latinos in the US is 33.7 years, which is well below 45.1 for non-Hispanics. As one of the youngest and fastest-growing minority groups, they are becoming the new majority minority in the US. Hispanic/Latino consumers are one of the most digitally active groups in the US and are prominent consumers who impact economic activities and growth.

In this report, we present findings from surveys of 623 High Net Worth and Emerging Affluent Hispanic/Latino individuals to assess the cohorts' concept of wealth accumulation. By assessing the intersectionality between ethnicity, nativity, age, and education, this study addresses the financial journey to accelerate multigenerational wealth accumulation.

Hispanics/Latinos have increased their wealth year over year since 2019, and they are seeking to invest their future now to build multigenerational wealth sooner rather than later. Wealth can provide financial independence and helps create the freedom and stability to care for their family's well-being.

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INTRODUCTION

The Morgan Stanley Hispanic/Latino Investor research study explores the concept of wealth perception and behavior through diversifying investment portfolios beyond the predominant real estate and entrepreneurial mindset.

Overall wealth in the US increased each year from 2019 to 2021 but turned negative in 2022, according to the Survey of Consumer Finances. Hispanics/Latinos surpassed all other groups in 2020, 2021, and 2022—and they were the only group that increased their wealth in 2022 by 9.5%.

Wealth is often a measure of financial success because it is a source of pride, an opportunity to live a full life, and the chance to secure a lasting legacy. Morgan Stanley surveyed High Net Worth (HNW) and Emerging Affluent (EA) Hispanics and Latinos to uncover the unique wealth perspective of these investors.

By assessing the intersectionality between ethnicity, nativity, age, and education, this study addresses the financial journey to accelerate multigenerational wealth accumulation.

What Does “Wealth” Mean?

When asked what wealth means to them, Hispanics/Latinos described wealth as a concept that is multidimensional and altruistic and goes beyond the purely financial aspect. It encompasses a holistic view of life, including intangibles such as having good health, living a full life, having good relationships, having overall well-being, finding more balance and happiness, and impacting society.

On the most basic level, wealth means not living paycheck to paycheck. However, once basic needs are met, the focus becomes living a good life and having the freedom and the flexibility to create the life you want to live. “The more wealth, the more flexibility I have in my life and my choices,” said a HNW respondent.

MEANING OF WEALTH

Key Takeaway: *The primary meaning of wealth means being financially independent, creating the freedom and stability to care for their family’s well-being. Younger, emerging affluent Hispanics/Latinos are more likely to see wealth as financial independence while older, HNW Hispanics/Latinos are more likely to see wealth as caring for their family’s well-being.*

Hispanic/Latino respondents were asked what their primary meaning of wealth is, and the top responses are being financially independent (28%), caring for their family’s financial well-being (19%), and freedom (18%).

HNW respondents are more likely to see wealth primarily as caring for family’s financial well-being than Emerging Affluents (22% versus 16%).

Small business owners are more likely to primarily describe wealth as freedom (31%) versus those who do not own a business (14%).

Millennials and Gen Z are more likely to see wealth primarily as being financially independent than Gen X and Boomers/Silent (32%

Meaning of Wealth

While there are three primary meanings of wealth, there were key distinctions among different subgroups: nativity, gender, and generation.

By Birthplace | *US-born respondents were more likely than respondents born outside the US to respond with the following:*

	US Born	Born Outside of US
Caring for family’s well-being	80%	72%
Being comfortable	71%	62%
Impacting Society	60%	48%

By Gender | *Women are more likely than men to respond with the following:*

	Women	Men
Financially independent	88%	81%
Living a full life	72%	64%
Impacting society	61%	51%

By Generation | *Younger generations are more likely to see wealth as freedom, living a full life, and having a lot of money, while older generations are more likely to see wealth as impacting society.*

	Gen Z + Millennials	Gen X + Boomers/Silent
Freedom	78%	72%
Living a full life	72%	65%
Having a lot of money	36%	27%
Impacting society/being philanthropic	52%	59%

versus 25%). Gen X and Boomers/Silent are more likely to primarily see wealth as caring for family’s financial well-being than younger generations (23% versus 14%).

Respondents with an income of more than \$400,000 are more likely to see wealth as being financially independent (32%) than those earning \$200,000–\$400,000 (24%).

WEALTH IN SPANISH

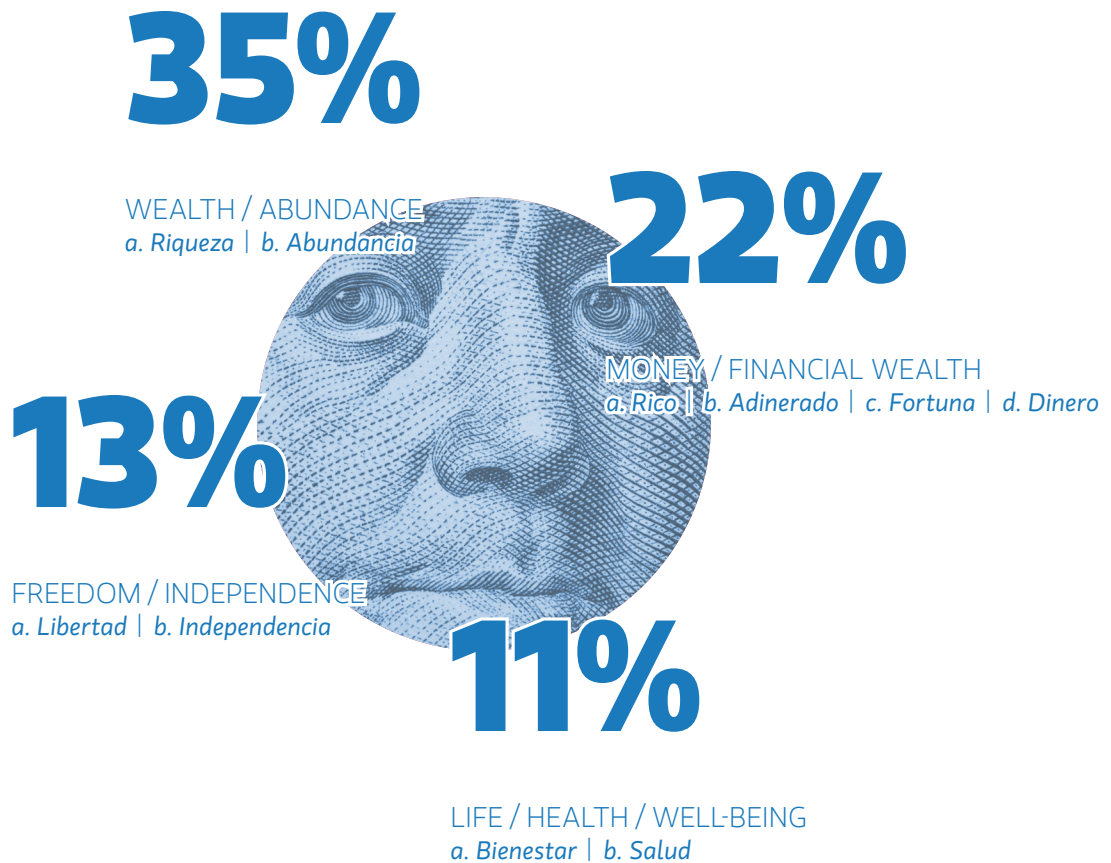
Key Takeaway: The Spanish word *riqueza*, which translates to rich or richness in English, encompasses the multidimensionality of what wealth means to Hispanics/Latinos.

When respondents were asked for a word describing wealth in Spanish, the most frequent response was *riqueza*, which translates to rich or richness in English. It encompasses the multidimensionality of intangible and tangible benefits of financial, emotional, and physical well-being. “I tell people this: English is the language of my brain and Spanish is the language of my heart,” said one Emerging Affluent respondent.

Older generations (Gen X and Boomers/Silent) are more likely to describe wealth in Spanish as patrimony/inheritance (*patrimonio*) and power than younger generations (millennials/Gen Z).

Those born outside of the US (45%) are much more likely to describe wealth as *riqueza* or *abundancia* (abundance) than US-born participants (30%). Gen X are more likely to describe wealth as abundance (42%) than Boomers/Silent (23%).

The top responses for wealth in Spanish are:



Drivers of the Wealth Journey

Building wealth is a priority for almost all respondents, with 96% stating that they agree completely or somewhat. This was especially true for two types of respondents: Generation Z (100%) and Dominicans (100%).

GOALS

Key Takeaway: *Wealth goals center around not only supporting family but also sharing financial knowledge with their children and the next generation.*

Wealth goals are typically family-related (supporting elders, children) and leaving the world better than they found it (philanthropy, giving others more opportunities than they had). Nearly all respondents agreed completely/somewhat that building wealth is for their family's personal well-being (96%).

Building Wealth for Family's Personal Well-Being

Respondents across subgroups selecting agree completely/somewhat

100% Cubans
97% Puerto Ricans
96% South Americans

97% US Born
93% Born Outside of US



Building wealth is about not only acquiring money to leave to others but also teaching financial literacy as well. A majority of respondents have children (68%) and of those respondents, 85% agree completely/somewhat that they became more engaged in building wealth so they could teach their children early. When looking at gender, female respondents (87%) are also more likely than male respondents (81%) to agree completely/somewhat that they were involved with their wealth journeys so they could teach their children early.

Wealth goals also evolve over time, going from wealth-focused goals to giving back to the community. Financial planning is a partnership between both spouses.

MOTIVATIONS

Key Takeaway: *Hispanics/Latinos find motivation through responsibility and honoring their family's sacrifice through a strong work ethic. Regardless of status or generation, Hispanics/Latinos still experience the struggle of creating a better life for themselves and their family.*

Financial motivations include a sense of responsibility, owing parents for the hard work they put in, honoring their family's sacrifice, and preventing the next

generation from enduring the difficult upbringing they might have experienced themselves. A strong work ethic also acts as a driving force in Hispanics/Latinos' financial journey.

Financial Journey Motivation

Respondents selected the following when asked what motivated them to progress along their financial journey:

Expectations of success from myself	78%
Hard work/ethic	70%
Feeling a sense of responsibility/honoring family's hard work	63%
Providing more to future generations	56%
Expectations of success from others	20%

The motivations are largely consistent across both HNWs and EAs. One HNW respondent noted that his aunt put him to work at a pizza place as a busboy. "She's like, 'Everybody works here,' even though my mom had left me some inheritance,"

he said. “And [my aunt said], “You’re never going to see that. You’re going to go and work!”

An EA respondent heard the following from his mother: “There’s always gonna be someone that’s better looking than you, richer than you, smarter than you. But where you can eat their lunch is work harder than them. Hard work is the greatest equalizer.”

HNWs are more likely to say their financial motivations came from their hard work/ethic, while EAs are more likely to say their motivations were from feeling a sense of responsibility and honoring their family’s hard work, as well as expectations of success from others.

Self-driven motivations versus self-confidence is heavily influenced by the need to survive, to produce, and to give back to parents. Building confidence to navigate professional growth and building wealth takes more strength and courage.

Respondents are not far removed from the struggle, having parents raise them without much wealth. This is true irrespective of their level of affluence in their homeland and/or reasons for immigrating. The burden was heavy through childhood to adulthood in making a better life for themselves and their family (new and extended). They see extended family responsibility as an obligation, as they hold assets to both help their children and safeguard aging parents.



Barriers to Building Wealth

Key Takeaway: While EAs are more likely than HNWs to say they have encountered barriers to building wealth, both listed limited funds growing up and limited financial education as roadblocks.

When asked to describe barriers they encountered when trying to build their wealth, respondents noted growing up in a household with limited funds, limited financial education, not having the confidence to be bold and take action, preconceived notions of minority groups, and less access to successful people and networks.

There were some differences in the types of barriers encountered by EAs when compared with HNWs. The top three barriers to building wealth for Emerging Affluents are limited financial education (77%), growing up in a household with limited funds (68%), and less access to successful/wealthier people in the US (57%). EAs are more likely than HNWs to list student debt and not having confidence to take action as barriers.

HNWs are more likely to say they have not experienced barriers, but their top barriers listed are growing up in a household with limited funds (60%), limited financial education (48%), and less access to successful/wealthier people in the US (45%).

INVESTMENT KNOWLEDGE

Key Takeaway: Biggest opportunities for educating on investing lie with the EA cohort, which consistently had a lower

understanding and comfort level with investment compared with the HNW cohort.

Building wealth goes beyond an annual household income going toward savings and checking accounts. The top assets owned included homes and other real estate (81%), stocks (81%), mutual funds (65%), and vehicles (56%). HNWs are more likely to list real estate as an asset (98% versus 62%), which is covered later in this report on p.11.

HNWs are more comfortable with investing compared with EAs and also find it easier to understand investing concepts than EAs. The majority of respondents who said that investing concepts are somewhat/very difficult said that they'd be likely to invest in the future if investing was explained (83%).

NETWORKS AND EDUCATION

Key Takeaway: When it comes to the journey of building wealth, Emerging Affluents are more likely to find guidance and knowledge from Hispanic/Latino networks, family, friends, and classmates as influences. HNWs are more likely to build their financial knowledge through non-Hispanic networks and financial planning workshops.

Overall, non-Hispanic networks are vital to providing opportunity, exposure, and access for Hispanics/Latinos looking to build their wealth because financial education is not always easy or natural to come by. From meeting new college friends and colleagues to industry associates and

significant others, Hispanics/Latinos go beyond their immediate circle to gain a foothold into an unknown world of how to make finances work for them in the journey to building wealth. Several have become mentors themselves to offer what they valued as they advanced in their careers/lives or what they wished they had known as they navigated building wealth.

The generational value in education is at the core of their success and ongoing access to influential circles of power and wealth. Education allows them to come full circle and mentor those with similar beginnings.

HNWs found non-Hispanic networks to be influential on their financial journeys, as well as financial planning courses/workshops. While EAs noted that non-Hispanic networks influenced their own financial journeys, they are more likely to say that friends, classmates, and Hispanic/Latino networks were influential.

Financial Journey Influences

	EA	HNW
Non-Hispanic networks	36%	43%
Financial planning workshops	23%	32%
Mentors	23%	23%
Family	26%	20%
Friends	19%	14%
Industry associates	14%	16%
Colleagues	11%	14%
Classmates	11%	8%
Hispanic/Latino networks	12%	5%
Teachers/educators	8%	7%

Financial Expertise & Advisement

Key Takeaway: For HNWs respondents, when selecting or switching financial advisors, the background of the financial advisor is not as important as understanding them and their wealth-building goals.

More than half of respondents (56%) are the financial decision-maker in their household, while the decision-making is shared equally for 41% of respondents. When building their wealth, almost three-fourths of respondents (72%) agree completely/somewhat that they rely on professional advice—with HNWs most likely to agree (79%) compared with EAs (63%).

Looking closely at the different subgroups provides additional nuance when it comes to building wealth with professional advice. Cuban respondents were most likely to rely on professional advice, with the next closest ethnicities being Dominican (84%) and Puerto Rican (72%).

Turning an eye toward generational groups, Generation X and Boomers/Silent combined are more likely to rely on professional advice when building their wealth (80%) than Generation Z and Millennials combined (63%).

A majority of HNWs (97%) are involved with the financial planning when working with a financial advisor, while EAs are more likely to not be involved with financial planning (20%).

Household income levels, US regions, and generations also impact the respondents' likelihood to be involved with the financial planning. Those with an income of more than \$400,000—as well as respondents who had investible assets of more than \$1 million—are more likely to have an active role in financial planning. Generation X and Boomers/Silent combined also have a higher likelihood of being involved with the financial planning.

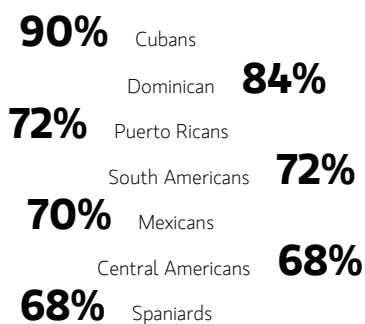
Sixty percent of all respondents currently work with a financial advisor, and of those who did not work with a financial advisor, 62% said that they are very/somewhat likely to obtain a financial advisor. For the respondents who do work with a financial advisor, EAs are more likely to say they were open to switching financial advisors compared with HNWs.

EAs, more than HNWs, report placing a higher value on finding a financial advisor who either had similar life experiences or a deep understanding of their background. This is also true for respondents who have a household income of \$400,000 or less, as well as for female respondents.

“I don’t know that they necessarily have to be Hispanic, but they have to have an understanding of, you know, my culture,” said one HNW respondent. He previously had a financial advisor at one of the big firms, but it left him feeling like he was just a number. “They have to have an understanding of my view, of my family, and what things are important to me.”

Professional Advice on Wealth Building: Ethnicity

Respondents selecting agree completely/somewhat



Building Wealth through Entrepreneurship

Key Takeaway: *There is an open door to providing further financial education and advisement for Hispanic/Latino small business owners (SBOs). A majority of SBOs are comfortable with investing (84%) and find that investing concepts are easy to understand (81%). Seventy percent acknowledged that investing in financial markets will help secure an independent future, and 26% noted that they are still learning about the benefits of investing as an SBO.*

One path that Hispanics/Latinos choose to build wealth is through launching their own small business. This was true across both the HNWs and EAs, with 23% of total respondents saying that they are small business owners (SBOs).

“If you look at entrepreneurship, the highest rate is in the Hispanic community. Hispanics are not scared of risk. And that’s because if they’re here, they uprooted their life to America,” said a Mexican American EA respondent.

Key Findings from SBOs

Top 3 Ways to Fund the Business

81%

Reinvested my profits back into my business

76%

Used personal savings to sustain and grow my business

68%

Tied my business to my personal wealth accumulation

84%

are comfortable with investing

81%

find investing concepts easy to understand

When it comes to financial motivations, owners of small businesses hold expectations of success from themselves (77%), have a hard work ethic (69%), and feel a sense of responsibility/honor their family’s hard work and sacrifices (54%). Hispanic/Latino SBOs are most likely to be HNW, US-born, Generation X or Boomers/Silent generations, or Dominican.

While just over half of survey respondents work with a financial advisor to build their wealth, less than one-fourth (24%) of SBOs worked with an advisor when starting their business. HNWs are more likely than EAs to have used an advisor when starting (29% versus 15%). The number of SBOs who worked with a financial advisor may be small, but a majority of SBOs wished they either had used an advisor (33%) or were unsure of whether they should’ve had an advisor (36%).

The biggest barriers for Latino SBOs accessing capital are not knowing how to access public/private programs for minority-owned SBOs (31%), accessing the general public/private programs (29%), and not knowing where to start (27%).

Building Wealth through Real Estate

Key Takeaway: Both HNW and emerging affluent Hispanics/Latinos see real estate as an investment toward building wealth. The opportunity lies with the emerging affluent, who are more likely to invest in real estate, and providing them with further education on the process.

Real estate is considered an investment option to build wealth for a majority of Hispanic/Latino respondents (87%). Overall, EAs are more likely than HNWs to purchase real estate in the future, regardless of birthplace.

Respondents born outside the US are more likely to consider real estate as an investment (91%) than those born in the US (85%).

“I think that (real estate) in the literal sense is just something tangible that you finally have, right, that is yours,” said a male HNW Mexican American respondent. “I think it’s just a little bit more of a security in the future for me and my family, right?”

NUMBER OF PROPERTIES

Almost half of respondents owned at least one property (45%), while 39% of respondents owned two or more properties. Just 16% of respondents said they owned no property.

HNWs are more likely to have two or more properties, while EAs are more likely to have no properties. Most respondents who owned real estate have at least one property, which is most likely their primary residence.

When breaking down the number of properties further, here is a snapshot of who is most likely to own one property, two or more properties, or no property:

	× No Properties	🏠 1 Property	🏠🏠 2+ Properties
Cohort	EA	EA or HNW	HNW
Gender	Female	Female	Male
Age	Gen Z	Gen X or Millennial	Boomers/Silent
Ethnicity	Dominican	Dominican or Central American	Cuban
HH Income	Less than \$200K	\$200K-\$400K	\$400K+
Nativity	US Born	US Born	Born Outside the US
Region	Northeast	Northeast	South

LIKELIHOOD TO PURCHASE REAL ESTATE IN THE FUTURE

Overall, a majority of respondents (86%) are very/somewhat likely to purchase real estate in the future. Emerging Affluents, regardless of nativity, are more likely than HNWs to do so, though they are also more likely to view buying real estate as too complicated.

Those who didn't want to invest in real estate said they would prefer to invest in other ways (41%), are not interested (36%), need more liquidity (24%), or don't because of market conditions (21%).



Conclusion

Irrespective of generation, the purpose of building wealth is to be financially independent, which allows for the freedom to care for one's and their family's well-being. Financial freedom is centered on stability that allows one to live a full life.

The opportunity lies with Emerging Affluents to accelerate their wealth accumulation, as the interest and motivation is present, through increasing their financial knowledge and strengthening their confidence in investing, real estate, and small business ownership.

With motivations centered on responsibility and honoring their family's hard work, the Emerging Affluent navigates two worlds on their journey to building wealth: (1) meeting new college friends, colleagues, industry associates, and significant others while (2) going beyond their immediate circle to gain a foothold into the unknown world of making finances work for them.

The Emerging Affluent may have debt, limited funds, and be the least likely to understand compound interest—US-born Emerging Affluents are lagging HNWs by only 9 points (96% versus 87%) when it comes to understanding compound interest—but these emerging affluents over-index in stocks as a top asset. Millennials join Generation X in being more likely to have a workplace retirement account compared with the Boomer and Silent generations.

Although Emerging Affluent Generation Z and Millennials combined are less likely than Generation X and Boomers/Silent to rely on professional advice with building wealth (63% versus 80%) and not be involved with financial planning (18%), their willingness to invest in the future “if investing was explained” speaks to why 90% of all emerging affluents, irrespective of nativity, believe it “is better to build wealth sooner rather than later” to accelerate “multigenerational wealth accumulation.”

WHAT DOES THIS MEAN?

Provide Financial Education

Financial education is not always easy or natural to come by. Non-Hispanic influential networks are vital to providing opportunity and exposure to achievers and mentors and access to those who know more. The generational value in education is at the core of their success and ongoing access to influential circles of power and wealth.

Increase Financial Advisor's Understanding of Hispanic/Latino Investors

While there are several factors that are important to Emerging Affluents when selecting and switching a financial advisor, a key factor is that the financial advisor has a deep understanding of their background.

Connect with New Small Business Owners

About one-third of small business owners expressed that they wished they had worked with a financial advisor when starting their business. Emerging Affluents were less likely to say that they had worked with a financial advisor, but there is still a need to provide guidance on navigating public/private programs and other investment opportunities for business owners.

Break Down Real Estate Investing

A competitive advantage with the Emerging Affluent investor is that while they are more likely to currently have no real estate properties, they are also more likely than HNWs to purchase real estate in the future regardless of nativity. One of the barriers for real estate investment for the EA is that they are more likely to view the process as too complicated.

Methodology

The Morgan Stanley Hispanic/Latino investor surveys were conducted among *Hispanic Executive's* audience network, in partnership with Guerrero and Semilla Multicultural. Candidates were Hispanics/Latinos with a net worth of more than \$500K—termed High Net Worth (HNW)—and Hispanics/Latinos with a net worth of \$100K–\$500K—termed Emerging Affluent (EA).

The surveys were composed of a qualitative component, which consisted of twenty in-depth interviews, ten in each of the two cohorts. These interviews were conducted between October 24, 2023, and December 1, 2023.

Subsequently, a ten-minute quantitative survey was conducted among an additional 613 HNW and Emerging Affluent respondents between January 8, 2024, and March 8, 2024.

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