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Why Now Is the Right Time to Help Close the Racial Wealth Gap

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The move to remove the Confederate flag now even has a [new hero](#), Bree Newsome, while protestors, activists and politicians fuel conflict over its place in history and its relevance today. It is time to also remove the racial wealth gap. Both may be historical, but they do not have to be permanent.

The recent [jobs](#) report shows that the surge in job creation was concentrated in low-wage jobs and that more Americans who work part-time want to work full-time. This reality is within an economic system that touts the adage, "hard work prevails." But for certain Americans, the United States economic structure operates as a casino, where the "house always wins."

Unfortunately, this is a harsh reality that people of color know all too well.

The disparity in wealth between whites and their ethnic counterparts, often referred to as the racial wealth gap, did not happen overnight. It is the result of a long history of systemic and social barriers that keep people of color from achieving and enjoying economic success. And it is time to work to reverse that chasm.

A Washington Post/BC News [poll earlier this month](#) shows that 62 percent of Americans believe that government should try to narrow the wealth gap.

Bridging the gap is essential to building equity and success for not only the communities who can most benefit from it, but also for the nation's economy. Conquering the divide will require widespread political, social and cultural reforms. [The Racial Wealth Gap; Why Policy Matters report](#), released late last month by Demos and the Institute on Assets and Social Policy, outlines specific policy changes that can eliminate structural inequalities that exacerbate the racial wealth gap.

Yet, African American and Latinos cannot wait for long-term structural changes.

That is because white wealth has grown to 13 times the wealth of African Americans, and 10 times the wealth of Latinos Americans, according to the [Pew Research Center](#) in a 2014 report. The difference of roughly \$130,000 makes a world of difference in weathering economic downturns, deciding to purchase a home, paying for a child's four-year college tuition, or deciding to retire.

The barriers have taken place in the home ownership policies, employment disparities, and inequitable incomes, form redlining policies, urban renewal designations, and the war on drug policies, social assistance regulations, and sub-prime lending. Each systemic policy or action has had an adverse impact on people of color and resulted in wealth stagnation and decline in those communities.

No matter the stage for a person of color is in his or her life-- a college graduate or a seasoned career professional-- considering the following framework as a road map could help individual wealth building efforts and potentially lead to wider community assets.

1. **Education and skillset development** is the initial step towards wealth-building and can provide a marketable expertise that can be used to secure an earning or an income. Education does not necessarily mean a "college degree" it could be a trade certificate, an apprenticeship program or fellowship.
2. **Stable income**, or full-time consistent work, is paramount to wealth building for communities of color. This is evident by the consistently higher unemployment in communities of color compared to whites, double for African Americans compared to whites.
3. **Savings**. You can argue that saving at least three months expenses would qualify as a security net for any household, when families of color need six months. Long term unemployment (defined as unemployed for 27 weeks) is substantially higher in communities of color; [5 percent in African American and 3 percent in Latino compared to 1 percent in White households](#). Additionally, people of color also often come from low-wealth families who are less capable of providing support during those strenuous times. A robust savings is essential for security and economic mobility for any person of color.
4. **Reducing debt and building credit** once savings is established, is the next step toward wealth-building. Credit worthiness is when you begin to attract external investments toward wealth-building goals such as credit cards and loans.
5. **Opting into employer provided professional benefits** helps reduce expenses and tax benefits. These include transportation programs, child care and medical coverage. It increases your discretionary income and ability to build wealth.
6. **Making strategic investments** with the potential to provide returns and dividends (such as stock bonds, home ownership, 401ks, businesses) is the final step toward wealth building. Ensuring that one's ability to withstand risk is equal to the type and level of investment is equally important.

Every American could benefit from these strategies. But people of color have everything to win and even more to lose. Wealth-building is a part of the formula that will move the public policy pendulum as wealth yields status and power. Now is the time to embrace the steps in securing and protecting wealth.

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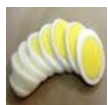
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Martha Irene SilverandBlack

The article is an easy read and provides great step to help people of color increase their wealth.

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