THE INVESTING HABITS OF WEALTHY BLACKS

By Stacey Tisdale | March 7, 2010

It is critical for blacks to take a 360 degree view of the complexities taking place in our community's finances.

Black households earning $200,000 or more are among the fastest growing groups in the U.S. This is rarely addressed in discussions about black wealth, as the media and politicians focus so much attention on the bottom of the wealth gap, that they fail to highlight the strides that so many blacks are making.

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There is no intention to minimize the need for solutions to socioeconomic issues, but we can also learn a lot from the behavior of blacks who have found ways to build wealth.

A study by Credit Suisse Research and The Heller School for Social Policy and Management at Brandeis University found that the top 5% of African Americans, those with a median net worth of $739,000 or more, have a more conservative approach than their white counterparts; owning less in stocks and bonds, and more in CD's, savings bonds, and life insurance. The study also found a higher level of investment in real estate outside of the primary home, 41% of non-financial assets, versus just 22% for whites in the same income bracket.
"This more conservative approach of the top 5% of African Americans to investing is understandable when looking at the constrained social mobility trends of the African American population and lower levels of overall economic security," study researchers say.

"Owning land is what many of our forefathers experienced as a way to gain wealth. Also, the black community understands homeownership," says Shelby-Ann Eweka, a certified financial planner with TIAA.

"We should focus on portfolio diversification for wealth building. This is not to say that real estate and entrepreneurship do not produce great wealth for individuals. You want to make sure that you are well-diversified when deciding on how to invest your assets to meet your financial goals," she adds.

Eweka and others also emphasize the importance of working with a financial planner so that you can determine a productive asset mix that allows you to sleep at night.

"Wealth for Life: Black Money Matters" is a new report that explores the financial habits of top African American household wealth holders. It offers a mix of financial planning advice and real-world solutions for achieving financial goals.

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