THE INTERSECTION OF GENDER, RACE AND CULTURE AS INFLUENCERS ON AFRICAN AMERICAN WOMEN'S FINANCIAL FITNESS, ASSET ACCUMULATION, AND WEALTH ATTAINMENT

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Author’s Note

For the past twenty-five years I have spent my career seeking solutions to poverty alleviation, particularly for women and their children. There were clever ways of thinking about it: “helping women become producers of wealth rather than just consumers of wealth” was one. It served as a great mantra for me and led to the development of widely replicated models of my organization’s work in microenterprise and matched savings programs (individual development accounts) throughout the United States. Some of that work was life changing for women on welfare and other low-income women who literally went from poverty to economic well-being as business owners and home owners. And, it has also changed my life! Who knew that at 40-something years old when asked “what is your passion?” my answer would be “women and finance”, it wasn’t poverty alleviation, it wasn’t even my favorite leisure time activity, listening to jazz music. It was women and finance.

I realized how strongly I cared about women and finance when talking to several women friends in what was just “girlfriend” conversation. The biggest jolt came from this:

> “My 57-year old girlfriend has to send her daughter to college next fall
> and has $300 in total savings.”

That really got my attention. How could this be? This was my friend, older than me, middle class, good career … how could she find herself in this kind of financial situation? Okay, so I remember talking with a girlfriend a couple of summers ago about how sad it was that we had both given so much of ourselves to building our nonprofit organizations but had not put the same attention into building our own financial futures. We laughed about how we were going to end up living at one of those subsidized high-rise senior buildings and continued our conversation at a chic high-end restaurant in Atlanta. We made a “good” income, we owned our homes, but the reality of our little chuckle did not escape us; we had something but not enough for a secure retirement. Suddenly, I started hearing more and more women talking about money problems, some who had worked in the nonprofit sector, but surprisingly many who had worked in corporate America all their careers, were African American, and had virtually no assets. That is when it hit me….this was no longer a low-income women’s problem. Middle-income women had no assets and were in financial pain. I was not too far from realizing financial pain. So I have become passionate about women and finance. There is nothing like self-interest to inflame a passion; did I mention that I am African American. Please note that the literature uses both terms –'Black' and 'African American'—I use them interchangeably within this paper.

I don't know if this monograph will prove interesting to everyone who reads it, but I do know that it results from me following my passion and from my inquiry into the "whys and what fors" of the financial condition of black women. Having been named the inaugural Twink Frey Social Activist is an incredible gift and timely opportunity to go searching for some answers. The award provided me a full month of supported research efforts at the University of Michigan, hosted by the Center for the Education of Women. This is a report of that research.

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The Twink Frey Visiting Social Activist Program *was created in order to bring social activists who work on gender issues to the Center for the Education of Women, University of Michigan. During her stay, the activist has the opportunity to interact with University faculty and students, as well as community members and other social change activists in Ann Arbor and Grand Rapids, Michigan. The visit is intended to give the selected activist time for reflection, research and/or planning related to her area of activism. A written work outlining the results of this study time is produced by the Visiting Activist and presented to the general public.*

Criteria for selection as a Twink Frey Visiting Social Activist includes: a) Extent of activism, b) Focus on gender issues and c) Success in working with groups as well as individuals

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INTRODUCTION

To continue to ignore the limits of generalizations about black and white wealth disparity, generalizations about women and money, and the nuances and contexts that are psychologically relevant for African American women, will only continue to keep Black women and their families financially vulnerable.

When I was growing up we would sing a song that had this line "so wide you can't get around it." That line is a good description of the widening gap between the "haves" and "have nots" in America. That gap is called the *wealth gap* and like the song says, we can't get around it. Not surprisingly in this country, household wealth is unevenly distributed by race. All the wide ranging data sets such as the Survey of Consumer Finances conducted by the Federal Reserve Board and the Survey of Income and Program Participation conducted by the Census Bureau attest to the greater wealth of white families. In general, Blacks own a dime in wealth for every one dollar of wealth owned by whites (some estimates are six cents rather than a dime). Not only is the wealth of Blacks a small fraction of the wealth of white households but Black households are two to three times more likely than white households to be without assets (zero net worth) or in net debt (negative net worth).

Many Americans would easily associate Blacks with poverty, but would just as easily point to the income gains many Blacks have made and the growth in the Black middle class in the past decade. And both assertions would be correct. But the problem is that most poverty statistics don't include asset poverty and wealth is different from income. Wealth centers on asset holdings, such as homeownership, private pension plans, and stock market investments. The Black middle class unfortunately is based more on income than on assets. Among some African Americans, there is a sad but true expression that the difference between middle class and poor is one pay check. Middle class Black households possess less than one-fifth of the wealth owned by white households and the wealthiest Blacks have less than 30 percent of the level of wealth possessed by the richest five percent of whites. There is a preponderance of data that confirms the great disparity in the net worth of black households at all points of the wealth distribution.

Despite the importance of wealth accumulation to the financial security of families, there is very little analysis of wealth by gender and race. While there has been a great deal written on the precarious financial situation of women, there has been relatively little analytical work attempting to examine the factors that influence African American women's overall financial fitness and wealth attainment. Because wealth attainment doesn't occur all at once, it is important to understand the process of becoming more aware of and making choices toward a more successful financial existence and well-being, or what I have framed as *financial fitness*. What do we know about Black women's financial fitness, patterns of asset accumulation and wealth attainment? Disturbingly, half of African American women say that they are just getting by or struggling to make ends meet. Further, sixty-two percent of Black women report having little to no money left to save for retirement once they pay their bills. In fact, according to the *2002 Minority Women and Retirement Income* report from the Women's Institute for a Secure Retirement, 41.5% of single Black women over age 65 are in poverty. Black women are more likely to depend on Social Security as their primary source of income in retirement. That's a real problem since the Social Security program was not meant to be a sole source of support, but instead was meant only to provide a bare minimum of protection

In the author's note, I said that this inquiry was personal. Why do so many questions about black women and wealth seemingly go unasked? It matters that African American women are at the bottom of most financial and wealth indices. It is my argument that the wealth inequality between African American women and other Americans matters because inequality is fundamentally about issues of equity and social justice. It matters because it is bad for democracy and bad for the country's growth. It matters because assets contribute to living standards, provide families with necessary resources in times of economic downturn, and constitute the principle vehicle by which advantage and inequality are replicated across generations. Their wealth gap, *our* wealth gap, translates into a gap in access to opportunities and to power, both personal and political power. Having assets can lead to increased well-being for women, allowing them to make better choices, such as, leaving damaging relationships or seizing opportunities like creating a business. Having assets can also increase women's sense of empowerment and self-direction. Women with wealth can use their wealth to influence changes in policies and practices in employment, education, financial markets, housing, national and local government spending, and so on, and so on.

There is a great need to further examine and identify the factors that impact African American women's financial experience and vulnerability. The experiences of Black women cannot be adequately explained with an isolated emphasis on either race or gender. Black women's experience stands apart from both Black men and white women, and whatever is meant by the "American household". Clearly, race, gender and culture impact Black women's experiences. Taken together, we will have a more realistic context for capturing the essence of African American women's asset building experiences.

The purpose of this inquiry is to understand the intersection of race, gender and culture as influencers on African American women's ability to achieve financial fitness, asset accumulation and wealth attainment. **The major research question driving this brief study is the following: Does the African American woman's culture affect her ability to develop financial fitness and wealth attainment?** Culture is a complex concept; for the purposes of this study, we isolated the specific "shared value or norm" among the Black community of the *extended family* to serve as the proxy for culture. The literature review for this study draws on three bodies of research: black/white wealth inequality, the psychology of African American women, and extended family households among African Americans. In addition to the literature review, this monograph presents a description of the study and its findings, and concludes with a discussion and highlighted opportunities for a financial fitness and wealth attainment agenda for African American women.

Literature Review

It is clear, despite the income gains made by Blacks, there is still great disparity in the net worth of Black households at all points of the wealth distribution.

The importance of wealth as a key indicator of economic well-being is becoming more recognized by both the popular press and researchers. Oliver and Shapiro (1995) conclude that wealth is as important an indicator of social outcomes as the traditional measures of income, occupation and education. Unlike income, wealth is a broader measure of the resources that an individual, family or community has available. Wealth provides protection against short-term economic shocks, such as recessions and spells of unemployment. It provides long-term security in the form of retirement income. Individual wealth is also known to provide access to superior health, education, and other services; and as a community, relative wealth is also correlated with social and political influence (Kochhar, 2004).

There is nothing relative, however, about the substantial wealth inequalities between blacks and whites in the United States. The difference in wealth accumulation by African Americans is reported to be on the order of one-tenth to one-fifth of that of white Americans. Oliver and Shapiro found that the average African American family has 10 cents for every dollar of wealth that whites possess. Shapiro further points out that comparing African Americans and whites with the same incomes, same jobs, same education, the ratio moves from 10 cents for every dollar, to Blacks owning twenty-two cents in wealth to every dollar of wealth owned by whites.

Using data from the Census Bureau (SIPP), Kochhar finds that the median net worth held by Blacks at the end of 2002 was $5,988. This figure is less than seven percent of the wealth of whites, $88,651 for the same period. This figure also indicates that Blacks were worse off than Hispanics who had a median net worth of $7,932. Not only is the wealth of Blacks only a small fraction of the wealth of white households, Black wealth has actually eroded over time while white wealth increased. In examining the data between 1996 and 2002, Kochhar found that Black wealth fell by 16 percent from its level of $7,135 in 1996, while whites increased their wealth by 17 percent since its level of $75,482 in 1996. From 1996 to 2002, Black households were also two to three times more likely to be without assets or in net debt. Kochhar found that 31.9 percent of Black households had zero or negative net worth in 1996 and 32.3 percent in 2002. White households had 11 percent and 13.1 percent, respectively, of negative net wealth for the same period (also see Wolff, 2001).

Among some African Americans, there is a sad but true expression that the difference between middle class and poor is one pay check. It is clear, despite the income gains made by Blacks, there are still great disparity in the net worth of Black households at all points of the wealth distribution. A review of the literature on the distribution of wealth reveals a thin African American middle class (Kochhar, 2004, Gittleman, Wolff, 2002, Pattilli-McCoy) which possess less than one-fifth of the wealth owned by white households. The relative position of Black households does improve a little at the higher rungs of the wealth distribution. The wealthiest Black households have less than 30 percent of the level of wealth possessed by the richest five percent of white households.

But middle class status for African Americans requires that Black women contribute more to household income than white women do. Although middle-income status today demands more two paycheck households, the National Urban League finds that Black wives are one and a half times more likely than white wives to work full time. Research by Schmidt and Sevak (2004) finds evidence that large differences in wealth exist between single female headed households and married couples. In 2001, the typical female-headed household had net worth of only $27,850 compared to median net wealth of $86,100 for all American households, and $140,000 of median net worth for a white married household. The implications for African American women are troubling since Black women are less likely to be married (28%) than white women (54%). In fact, African American women significantly outnumber African-American men and the majority of Black households (56%) in the U.S. are headed by women, according to the

National Urban League. Meizhu Lui, at United for a Fair Economy, points out that it is difficult to figure the net worth of Black females because the data is reported by households. However, she reports that white women have $56,000 in net worth compared to African American women with only $5,700 in net worth.

Tragically, the private savings and investment behavior of African Americans suggests that many will not retire with financial security.

The extent to which wealth accumulation is critical to well-being in retirement years is also of great concern for Black women. According to the Women's Institute for a Secure Retirement (WISER), a woman's marital status is a significant factor in determining what her income will be when she retires. Data from the Social Security Administration reveals that Black women who have reached retirement age are 15 percentage points more likely than white women to draw down on Social Security benefits as a result of just their own work histories, and the median Social Security benefit for unmarried Black women was $614 in 2000. Older African American households have less net worth than white households. A survey by the Administration on Aging (2000) revealed that Black households had an estimated net worth of $13,000 compared with $181,000 for white households.

Experts tell us that the combination of pension income, Social Security benefits and personal savings and investments are the requisite sources for an adequate financial retirement. Given this, African American women face a devastating retirement reality. Few African American women now working expect Social Security or an employer-sponsored pension to be their major source of retirement income. According to a study by the Joint Center for Political & Economic Studies, only 31 percent of women expect Social Security to be their major source of retirement income, (although 40% of Black women are currently solely reliant on Social Security) with even fewer (19 percent) expecting an employer-sponsored program to fill this role. The Social Security Administration reports that half of all unmarried older women have less than $1,278 a year in asset income, or only about $106 a month (2002). Nearly two of every five (39%) African American women expect their private savings and investments to be their major retirement income alone. Tragically, the private savings and investment behavior of African Americans suggests that many will not retire with financial security. For example, sixty-two percent of Black women report having little to no money left to save for retirement once they pay their bills; only about half of African American women report having money in savings accounts, certificates of deposits, or money market funds. A majority of black women (69%) indicate they do not own stocks or mutual fund shares, while even greater proportions (75%) indicate they have not invested in an IRA or a Keogh plan.

While there has been a great deal written on the precarious financial situation of women there has been relatively little analytical work attempting to decompose wealth differentials by gender and family structure.

Extended family households are more prevalent among blacks than whites and are more pronounced among female-headed households

Both theoretical and empirical evidence is needed to identify the cultural[1] factors that make the African American woman's experiences unique, and to clarify how these experiences impact their financial lives. As Twink Frey Visiting Social Activist at CEW, I was able to convene a group of UM faculty from a variety of disciplines to assist in developing my research plan. In one of these sessions, the suggestion was made that the financial support of the extended family is a significant cultural characteristic of African American women that may deserve exploration. The idea resonated with several others and as a result of a review of the literature on African American extended families; it is used as a proxy for the cultural factor in this study. This section presents a brief review of the relevant literature.

[1] Culture is the way of life of a group of people and includes the shared values, norms, traditions, customs, arts, history, folklore, and institutions of a group of people.

Research from a variety of sources has consistently documented the existence of both extensive kin networks and extended family households within African American communities. Extended family households are more prevalent among blacks than whites and are more pronounced among female-headed households (Acquino 1990; Angel, Tienda 1982). Taylor, Chatters, and Celious found that extended family households serve a critical function in helping Black families provide support for both their kin and non-kin. There is both historical and ethnographic research that suggest that extended kin networks and extended family households are cultural characteristics operating within black communities (Taylor, Chatters, and Celious; Newman, 2002). As numerous as extended households are in the African American community, it is important to understand that kinship obligations extend beyond the household, thus kin networks. Informal forms of social support, such as emotional support, money, childcare, housing and food to relatives when needed has always been important in the Black community. A report on Black philanthropy (Newman 2002) reveals that much of African American giving is to family, neighbors, and needy strangers as a general obligation, rather than as philanthropy. Hill (1971) proposed that certain strengths had been culturally transmitted through African ancestry to Black families and that the strength that fostered resilient families and members was identified as a strong kinship bond. Later (1999), Hill defines strength as those traits that facilitate the ability of the family to meet the needs of its members and the demands made upon it by the system outside the family unit.

A review of the research further suggests that not only is giving to extended family a cultural practice, but that it prevails in experiences of African Americans whether its related to elder care, philanthropy or finances. For instance, a study on Wealth and Wealth Transfer among African American Households (Havens), suggests that for those Blacks that have succeeded financially, they may be transferring money out of the household to support older children and less fortunate relatives and friends, which at least in the short run, can lower their net worth. In a study about elder mistreatment in the African American community, Brown points out that African Americans did not find financial exploitation was a serious offense because they may find sharing of funds expected and beneficial to both parties. Brown found this consistent with other literature that points to the extended family as a source of support for African American elderly. In response to the results of a Freddie Mac National Consumer Credit Survey (2000), which found that Blacks have almost twice the incidence of bad credit as compared to whites, Black leaders responded by pointing to high unemployment and the fact that many Blacks provide for extended family members (Owens 2000).

While data about the transfer of money and financial support between Black families is virtually non existent, a few researchers have raised the question of whether such inter-family connections affect middle-class black families' ability to accumulate wealth (Chiteji and Hamilton; Pattillo-McCoy 1999; Heflin and Pattillo-McCoy 2000). Analyzing data from the Panel Study of Income Dynamics (PSID), Chiteji and Hamilton (2000) find that poverty and economic hardship within the extended family reduce the probability of a middle-class family owning a bank account, the probability of owning stock, and their level of net worth. Chiteji et al find evidence to support the hypothesis that part of the reason that black families have limited wealth is due to the fact that they are more likely to provide financial support to their extended family.

An examination of their study finds that a higher incidence of poverty exists among kin for black middle-class families than do for middle-class white families. For example, about 36 percent of the parents of middle income Black families fall below the poverty line, while only about 8 percent of the parents of middle class white families are in this position. Additionally, for middle class Blacks, the proportion of siblings below the poverty line is about four times higher than for whites. Moderate to well-to-do Black families are in a position to face pressure to make transfers to poor relatives, whether it is an outright request or because of their perceived need.

Chiteji et al's findings indicate that poverty in the family, otherwise called family background and kin characteristics, is the third most important factor, behind average lifetime income and parental wealth, in explaining the wealth gap between black and white households. In their study, the middle class Black families suffered about a 27 percent reduction in their wealth relative to white families as a result of the kin networks into which they were born. Despite this finding, Chiteji, et al acknowledge that even after accounting for life cycle, demographic, socioeconomic, family background characteristics, and adding the extended family or kin network needs, 45 percent of the black-white disparity remains unexplained. In their concluding remarks, these researchers advise that economists desiring to understand wealth accumulation more fully would benefit from the recognition of the need to incorporate family level constraints in their analysis, rather than the traditional focus on individuals and nuclear families.

The literature makes the connection between Black women's coping mechanisms for racism and their attitudes about personal financial stability.

Margaret Kimberley's Freedom Rider column stated that David Rockefeller, Jr. made his money the old fashioned way. He inherited it. But for most Americans and particularly African Americans, wealth attainment is a process and not the result of one event. This author frames the process as one that starts with financial fitness and moves to asset accumulation which leads to wealth attainment. By *financial fitness*, I mean the process of becoming more aware of and making choices toward a more successful financial existence and well-being. How can we better understand what influences Black women's decision making about financial matters? What are the psychological drivers of the choices they make financially? This last section of the literature review explores gender from the psychological perspective of Black feminist theory and related elements.

Veronica Thomas (2004) defines the psychology of black women as the systematic study of the motivations, cognitions, attitudes, and behaviors of Black women taking into consideration the contextual and interactive effects of history, culture, race, class, gender, and forms of oppression.

The psychology of Black women involves placing the behavior of Black women within an appropriate social and cultural context. While women have had to face sexism and gender discrimination in the financial marketplace, Black women have had the added barriers associated with racial discrimination. The literature makes the connection between Black women's coping mechanisms for racism and their attitudes about personal financial stability. When experienced in the work context, for example, racism poses a threat to Black women's financial viability and therefore, impacts their psychological well-being (Morgan, Beale, Mattis, Stovall and White). Their findings imply that it is critical to examine contextualized experiences of racism and discrimination in explaining Black women's lowered levels of psychological well-being. Such a relationship between economic need and stress has been found in the past including Anderson 1991; Kessler and Neighbors 1986.

Mainstream psychologist have come to recognize that culture is not something that is simply outside individuals, where it influences their behavior, but rather, it is an "intersubjective reality through which worlds are known, created and experienced" (Miller 1997). For the most part, the voices of Black women have been shut out of the studies related to financial fitness and wealth attainment. The lowered levels of psychological well-being may be experienced as low self-esteem, lack of self-confidence, disillusionment about life, and the need to be unique in identity.

Thoughtful reflection on the findings in the literature confirms that Black women face racial discrimination, regardless of their socio-economic level, and this reality is manifested over their life course. They are more likely to be stressed, show less confidence with financial decisions, and are striving to attain the American dream. For example, in a study on African American women and personal finances conducted by Peter Hart for the Fannie Mae Foundation (Hart 2001), findings reveal that African American women feel that the cards have been stacked against them, and they do not see the same opportunities for financial advancement. Half of African American women in the study say that they are just getting by or struggling to make ends meet. Further, middle-aged and older African American women, in the study, are less likely than women overall to believe that everyone in this country has opportunities to succeed. Most African American women reported feeling uncomfortable with their knowledge of the terms related to owning a home, planning for retirement, managing debt, and buying stocks or bonds.

There is increasing segmentation and diversity among African Americans based upon socio-economic status, yet research finds that African Americans still largely filter every message through the lens of their ethnicity (Yankelovich Inc., 2005). This is an important factor to consider when reflecting on Black women's psychology and their ability to achieve financial fitness and wealth attainment. Hart concluded in his study that Black women face two barriers to greater participation in the consumer financial system: a lack of confidence in their knowledge of financial topics, such as retirement and home ownership, and discrimination when using financial services.

Whether it is anecdotal, literary commentary, or scholarly research, there is ample evidence that the racial gap in wealth between blacks and whites in America is growing. Various sources have attempted to explain the differences between black and white financial attainment. Researchers, including Oliver and Shapiro point to the historical and structural barriers African Americans have faced in their efforts to move forward financially. They look at the gambit of tax and other Government policies that have greatly fostered wealth attainment for whites through such programs as the post World War II GI Bill and the Homestead Act, just to name two. Some have put the blame on Blacks themselves suggesting a lack of thrift, racial stereotypes or a preference for immediate consumption. Each of these explanation attempts are controversial. For example, there are several studies that have found no evidence of a racial difference in savings behavior after controlling for income or controlling for wealth, i.e. when examining black and white households who had less than $10,000 in net wealth, the savings rate was the same. Chiteji and Hamilton added a new theory to the analysis by suggesting that poverty in the extended family and kin network accounts for more than 27 percent of the racial gap, or the third most important factor.

Since none of the research has sufficiently addressed the inequity in wealth as it relates to African American women, more work needs to be done to identify the important factors and influencers for why Black women remain so financially vulnerable.

The Study

For the most part, the voices of Black women have been shut out of the studies related to financial fitness and wealth attainment.

Participants and Procedures

Participants in this study were women of color who attended one of four town hall style meetings in the campus community of a large Midwestern university. The women were recruited via advertisements through several vehicles, including flyers and e-mail alerts. Telephone screening was used to ensure that participants were women of color with incomes under $100,000 before being admitted as part of the study.

A total of 64 women of color participated ranging in age from 26 to 65 years with the highest percent (19%) between 31-35 year olds and 36-40 year olds and 56-60 year olds equally represented at 16 percent each. Household income ranged from less than $10,000 to over $61,000, with 95 percent of participants reportedly working. Sixty percent of participants were unmarried (never married, widowed or divorced). Education status of participants was college concentrated with 47 percent holding college degrees (including Masters) and 41 percent with a 2-year degree or some college. Twenty percent of the participants reported 23 children under the age of 18 living in their households, while 11 percent reported a total of 14 extended family members (adult children and elderly) in the household.

Each of the town hall sessions lasted 60 – 90 minutes with ten to 23 participants each. The discussion covered three major themes with lead-off questions for each followed by appropriate probing questions. One theme was *perceptions of participants' current financial situation*. Sample questions include, "Why do you think you are not as far ahead financially as you could be?" and "In your family and friends, are there people who impact your financial goals?" Another theme explored the *historical antecedents of their financial perceptions and behavior*, and here sample questions were, "What are your earliest memories of money?" and "How often did the people who raised you talk about money?" The final theme probed their *potential to provide a secure financial future* with the following lead question, "What are the challenges you face to building a secure financial future?"

A brief questionnaire (Appendix A) supported the discussion with information on goals, challenges, familiarity with financial instruments, and demographic measures. Participants listed their most important financial goals (top 4) and were asked to include what they thought the "cost" of the goal would be; the primary beneficiary of the goal and how long it would take them to save for that goal. Participants recorded and ranked by most difficult, their challenges to their ability to achieving financial security. Familiarity with financial instruments was measured by asking participants to "place an X in the box that best describes your knowledge of different ways to save and invest to build your wealth." Twelve instruments, ranging from checking accounts to life insurance with a cash value, were presented with the following choices: haven't heard about it; heard about it, don't know much; know about it, would not use it; know about it, considering using; already do it.

Findings: African American Women's Contextual Financial Fitness Framework

My inquiry to identify the key factors that impact African American women's experience in developing financial fitness and wealth attainment reveals that any explanatory framework must include the multiple dimensions of race, gender and culture. The findings provide directional evidence that African American women's ability to develop financial fitness and wealth attainment is constrained by their provision of financial resources to extended family members.

"I wouldn't pay a bill because I thought someone in my family was going to need it. I'm learning to pay my bills now; as women we are always taking care of someone else."

Taking financial care of extended family members was widely represented across all facets of women's lives and was an important factor affecting their financial condition. It was cited as affecting their current financial position, cited in their goals, and among their challenges. For example, "support of other family members" was in the top three prioritized financial goals as reported by participants. In talking about historical antecedents of their financial attitudes and behavior, comments included: "My father encouraged me to be generous with their children [meaning her siblings], whenever they needed something they came to me, and I was forbidden to say go away." Another said, "My mom never said "Girl take care of yourself, you're the only one who will", she was always saying "Take care of this one, take care of that one." One example from the discussion about building their future financial security, "My biggest problem is my family; as I said, I need to budget better and more or less drop the family and I'll probably be a little better off."

The discussions about support of extended family members are particularly insightful. They suggest that the cultural identity with this behavior is very strong and seems to be so regardless of income. Empirical results from other studies have focused on the affects of middle class Blacks making transfers to poor extended family members. The findings here indicate that even African American women with low incomes, still adhere to this cultural practice. In talking about her siblings, a participant said the following: “My brothers make more money than me, but I still have to help them out financially. I take it out of my savings.” There is also reported evidence that these transfers to extended family members is adding to the debt that African American women carry. One woman talked about putting money for her brother on a credit card. Another said this: “I wouldn’t pay a bill because I thought someone in my family was going to need it. I’m learning to pay my bills now; as women we are always taking care of someone else.”

They cited lack of knowledge of financial strategies; lack of self-confidence in making the right financial choices; lack of income, which some related to race, i.e. being Black.

Approximately seventy percent of goals cited by participants were mid-to-long term goals. The most cited goals were: becoming debt free (20%); growing a nest egg (19%), saving for retirement (17%); support of other family members (16%) and buying a home (14%). In the area of challenges, participants’ responses were consistent with other studies. They cited lack of knowledge of financial strategies; lack of self-confidence in making the right financial choices; lack of income, which some related to race, i.e. being Black. Comments included not being paid their “worth” because they were Black and being overlooked for promotions. The other most cited challenge was allocation of funds to other family members.

Another striking aspect of these findings is that participants reported little, if any parental discussion about money and finances when growing up. Many reported that when there were discussions, they were tension-filled and about the lack of money. Interestingly several of the women had very negative associations with their parents attempts to manage money, for instance, “My mother was so cheap, we could never buy anything unless it was on sale.” Another said, “My father always lectured me about money and how you shouldn’t buy anything new, new was frivolous. He was cheap, now we call it financially conservative. I thought he was tight. I hated the word budget, now I am trying to learn."

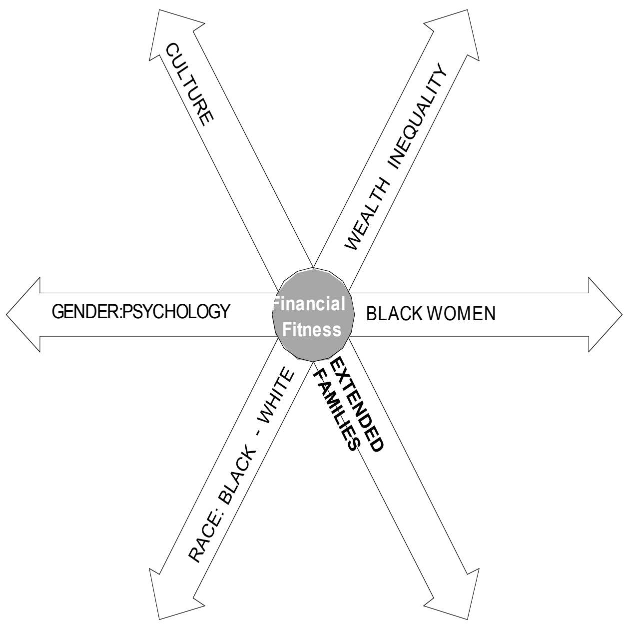
It's important to note that a few women did say that their parents taught them about money while growing up. For example, one response was the following: "My parents were self-employed and taught "make a penny, save a penny" so I am really good." Another said, "My parents taught me a lot and so I feel I have worked hard to earn and save." This would suggest that being raised with positive home instruction about money is associated with positive financial behavior in adulthood. A similar conclusion was reached in empirical research conducted by Bernheim (2001) and reported in the Journal or Economic Psychology by Webley (2006). They found that people who characterized their parents as having saved more than average saved more than others. Further, they found that children, who had been encouraged to save using a bank account, saved more in their adult life. Incidentally, the same report describes study results that show higher asset accumulation in adults who had been exposed to consumer education in school, as compared to those who were not exposed to such education.

The findings indicating participants' lack of financial information is consistent with other studies. Several comments particularly demonstrate the degree to which women lack knowledge of financial strategies. For example, one of the most haunting comments was from a 46-year old woman who said, "My father told me to pay myself first. I thought that meant to take money from each paycheck to buy myself something or treat myself. I didn't know that meant to put aside money for my own personal savings until two years ago when I had to go to a financial counselor because of my debt. Yeah, he told me but he didn't give me the tools to do it."

In summary, the findings provide support for my hypothesis that African American women are farther behind financially because they financially take care of extended family members, and that this is a specific cultural practice. Perhaps a new framework, such as the one depicted below, where we begin to look at Black women's financial experience in a broader context of their existence—race, gender, and cultural realities—

may move us closer to understanding why African American women experience financial fitness and wealth attainment significantly different from others in American society.

AFRICAN AMERICAN WOMEN 'S CONTEXTUAL FINANCIAL FITNESS FRAMEWORK



Discussion

Given the historical devaluation of the African American experience in this country, it is a reasonable question to ask whether or not these financial transfers are not being valued because they are a part of the Black experience?

Interestingly enough remittances have been on the agenda of mainstream financial institutions lately (the Federal Reserve Bank of Chicago recently held conferences on the topics, for example), so I can not ignore the disparity in how the two actions of "sending money home" by African Americans and Hispanics are viewed. In the book, *Sending Money Home: Hispanic Remittances and Community Development*, authors de la Garza and Lowell call the desire by migrants in the United States to remit a portion of their earnings to their home countries a time-honored custom. They point to these transfers as having "evolved from a stream flowing from families through informal networks to a major river with new tributaries fed by transnational migrant organizations, channeled through an increasingly formal marketplace, and attracting the involvement of home country governments."

It seems to me that whether African American women are sending money down the street, back to the urban city from their suburban neighborhood, or down south, they too are "sending money home" and it indeed is a cultural practice, obligation and responsibility. So, why is it not given the respect that these other transfers are given? In concluding their study, Chiteji, et al remark that black families are more likely than white families to have their wealth affected by the transfers to other family members. Given the historical devaluation of the African American experience in this country, it is a reasonable question to ask whether or not these financial transfers are not being valued because they are a part of the Black experience? In our mainstream society, only that which is measured is valued, and only that which is valued gets measured. Although I could find no available studies that seem to capture the sums of money being transferred between black households, anecdotal evidence would suggest that it is not inconsequential. For example, we know that it covers everything from sending grandchildren, nieces and nephews to school and college, to providing down payments and deposits for housing (both mortgages and leases), to keeping relatives' utilities on, to covering expenses for the elderly, and covering the general welfare of siblings. Such transfers from the coffers of African American women seem to be an important factor affecting their ability to develop financial fitness, asset accumulation, and wealth attainment, and should be regarded as a more important economic phenomenon.

The lack of financial literacy among African America women is staggering, and given their discussion, as well as other data, it is easy to speculate that the lack of financial literacy is as pervasive among members of their extended households and kin networks. Robert Kiyosaki wrote the number one New York Times bestseller *Rich Dad, Poor Dad: What the Rich Teach Their Kids about Money-That the Poor and Middle Class Do Not!* In the book he says, "Money without financial intelligence is money soon gone." The author captures three essential points. First, is the fact that rich people *do* teach their kids about money. The second point is what the rich teach their kids fundamentally is this, "In the long run, it's not how much you make, it's how much you keep, and how many generations you keep it." The third point is they tell them "how" to do it.
Black folks are not teaching their kids about money….they didn't do it 40 years ago nor are they doing it now.

Yet, the financial marketplace of the 21st century has become increasingly more complex. As market forces continue to expand the range of providers of financial services, including predatory lenders, individual consumers have even more responsibility to manage the details of their own finances. They are expected to discern financial choices, discuss money and financial issues without (or despite) discomfort, plan for the future, and respond competently to life events that affect everyday financial decisions, including events in the general economy. However, there is mounting evidence that the burden is too much for most Americans, including Black women. The savings rate in the country is down from 10.8 percent in 1984 to negative 0.5 in 2006 and personal bankruptcy claims are up. It is a precarious and painfully pronounced financial picture that African American women find themselves. Remember, half of African American women say that they are just getting by or struggling to make ends meet; while over sixty-two percent say they have little or no money left to save for retirement once they pay their bills; and the majority of Black women expect to continue to work once they reach retirement age.

As a result, it is not surprising that African American women lack self-confidence in their ability to make good financial choices. There is no way to be confident about things you simply don't know or understand. Despite the mountains of financial information and curriculum available through various nonprofit organizations, financial institutions and government sponsored programs, they obviously offer very little with which African American women can identify.

This research has implications for how we develop approaches to understanding the interconnected factors of race, gender and culture that affect African American women's ability to achieve financial fitness, asset accumulation, and wealth attainment. To continue to ignore the limits of generalizations about black and white wealth disparity, generalizations about women and money, and the nuances and contexts that are psychologically relevant for African American women, will only continue to keep Black women and their families financially vulnerable. The development of strategies that are multi-dimensional, i.e. gender relevant, culture relevant, and ethnic/race relevant can lead to different and better solutions.

This research is not presented as being definitive, however, it does still provide directional evidence that hopefully will be used to move an African American women's agenda forward. I hope this new framework for examining African American women's financial position will raise the call for new hypotheses and the development of alternative theoretical paradigms that are relevant to the realities and contextualized lives of Black women, as well as, other women of color.

In our current public debate, politicians on both sides of the aisle throw the word "terrorism" around to capture America's attention. I want to capture America's attention. So I will give it a try, here. ***Inequality is the most pervasive home grown terrorism we***

have in this country. Its consequences are beyond staggering, not just for African American women, but for America as a whole. I agree with the words of Martin Luther King, Jr. "Where there is injustice for one, there is injustice for all." The bad news is that the wealth gap between black and whites is so large; it is unlikely that it will ever be closed. The good news is that there are lots of opportunities to greatly lessen the gap and move toward a more equitable society if all the sectors of our society are engaged.

Opportunities

The opportunities presented below are examples of what could be done in different arenas to increase financial fitness, asset building, and wealth attainment among African American women. The list is not meant to be exhaustive, and in most cases, the opportunity will serve the benefit of increasing the financial well-being of other "asset poor" Americans, not just African Americans.

Research

- Conduct research to examine the transfer of financial support between African American female-headed households and their extended families and kinship networks with a focus to quantify the value of transfers, to enhance the picture of the impact on both the giver and receiver, and provide a better understanding of this important economic phenomenon in the Black community.

- Conduct more and specific research on "asset poor" African American women using frameworks that capture the multi-dimensional context of their financial life, i.e. race, gender and culture to help inform new theory, and new strategy formation to decreasing their financial vulnerability.

Private Sector Opportunities

- The financial marketplace should create incentives and financial products/services for households to document, capture and manage the transfer of funds between extended families and kin networks.

- The financial marketplace should develop new distribution channels, financial tools and products that are of quality and more culturally appropriate/culturally-sensitive to the realities and life context of African American women, as well as other women of color, to increase their participation in financial services.

Nonprofit Sector Opportunities

- Raise public consciousness to break the taboo of talking about money and inspire a dialogue about and recognition of the financial crisis most women, and particularly, African American women find themselves in America today; and subsequently motivate consumers to take concrete action.

- Accelerate efforts to build and replicate innovative models for individual and community asset building for low and moderate-income African Americans. As an example, the first community land trust established in Chicago, will provide 30 plus homes to this population in perpetuity, despite gentrification efforts.

Government Opportunities

- To accelerate retirement savings, the system should be overhauled from the current employer retirement savings program that is based on workers having to opt-in to a pension plan or 401(k), or IRA, to an automatic enrollment plan, whereby workers would have to take the action to "opt-out." Periodic automatic increases would also be built into the system to ensure asset growth over the long term. Workers would be able to opt-out at any time.

- Begin consideration of providing a fair tax treatment for households that document the financial support for extended family members.

- Require consumer education to be provided through 12 grades at all schools receiving public funds of any type.

About the Author

Connie E. Evans is an activist and social entrepreneur who believes that by harnessing the marketplace, we can change the world. Evans consults, speaks and co-creates in the areas of economic development, asset development and socially responsible business.

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Appendix A

Center for the Education of Women

University of Michigan

Town Hall Meeting with Connie Evans

Thank you for agreeing to participate in our town hall meeting. The information you share will help Ms. Evans better understand the way women of color think about financial savings and security. In addition to these town hall meetings, Ms. Evans is reviewing the latest research on women and money. She will condense this information into a report that will summarize the issues and suggest future steps to encourage women's financial security. During today's meeting, you will receive tools and tips on building your financial future. In addition, we will send you a copy of Ms. Evans' report when it is completed.

Confidentiality and Consent
This town hall meeting is expected to last no more than 1-1½ hours. Your participation is voluntary. Any information you provide in the discussion will not be shared with anyone other than Ms. Evans and her assistants. Ms. Evans' report will be written so that no one will be identified as an individual. All meeting participants will be requested to keep all comments confidential. You are free to choose not to answer certain questions if you would rather not answer them.

We would like to tape record the meeting so we can best capture everyone's comments. Although we prefer to tape record the entire meeting, you can choose not to be taped before giving some or all of your answers. In order to not be taped, just raise your hand and wait for the tape recorder to be turned off before you speak.

In addition to the group discussion, we are asking you to fill out a brief questionnaire. The questionnaire will allow Ms. Evans to compare responses across groups and with other research studies. Again, you are free to choose not to answer any question if you would rather not.

Any Questions?
If you have any questions regarding your participation in this meeting, please ask Ms. Evans or one of her assistants at the beginning of the meeting.

I have read all the information on this page and agree to participate in this town hall meeting.
I will not reveal the names or repeat the comments of other participants.
I agree to be tape recorded unless I raise my hand and wait for the recorder to be turned off before speaking.

_______________________________________ _________________________

Name (print and then sign) Date

Telephone Email

Rvsd. 3/21/06

My Financial Goals

Use the table below to organize your financial goals.

— Under GOALS, list your four MOST IMPORTANT financial goals.
— Under COST?, put how much money you think it will take to achieve the goal.
— Under BENEFIT, put who you think the goal will help—Self? Daughter? Mother? Other relative? Friend?
— Under TIME, put how long you think it will take to save the money for that goal.

	GOALS	COST?	Who BENEFITS?	TIME
1				
2				
3				
4				

My Financial Challenges

Use the table below to list what you see as the most important challenges to your ability to achieve financial security and growth in your assets and long-term wealth.

— Under CHALLENGES, just list each challenge that comes to mind.
— When you have four, use the left hand column to prioritize them—i.e., which causes you the MOST difficulty? What's your SECOND GREATEST challenge? And so on for your third and fourth most important challenges.

	CHALLENGES TO FINANCIAL SECURITY AND GROWTH

This is a short survey to give us some more information on your experiences in life and your ideas about financial security. Again, it is completely confidential.

1. For this question, please **put an X in the box** that best describes your knowledge of different ways to save and invest to build your wealth.

	Haven't heard about it yet	**Heard about it, don't know much**	**Know about it, would not use it**	**Know about it, considering using it**	**Already do it**
a. Checking account					
b. Savings account in a bank					
c. Real estate ownership (land, house, condo)					
d. Mutual funds					
e. Stock market					
f. Government bonds					
g. Certificates of deposit (CDs)					
h. 529 plans for children's education					
i. IRA's for retirement					
j. 401K for retirement					
k. Health savings accounts					
l. Life insurance with a cash value?					

2. Please circle the income bracket that describes your INDIVIDUAL annual income.

a. Less than $10,000 b. $11,000 - $15,000 c. $16,000 - $20,000
d. $21,000 - $25,000 e. $26,000 - $30,000 f. $31,000 - $35,000
g. $36,000 - $40,000 h. $41,000 - $45,000 i. $46,000 - $50,000
j. $51,000 - $55,000 k. $55,000 - $60,000 l. $61,000 and up

3. Please circle the income bracket that describes your household income.

a. Less than $10,000 b. $11,000 - $15,000 c. $16,000 - $20,000
d. $21,000 - $25,000 e. $26,000 - $30,000 f. $31,000 - $35,000
g. $36,000 - $40,000 h. $41,000 - $45,000 i. $46,000 - $50,000
j. $51,000 - $55,000 k. $55,000 - $60,000 l. $61,000 and up

4. Are you currently working? (Circle one) Yes No

5. What is your occupation now or in your last employment? ________________________

____

6. Please circle your age bracket.

a.	Younger than 18	b.	18 – 25	c.	26 – 30
d.	31 – 35	e.	36 – 40	f.	41 – 45
g.	46 – 50	h.	51 – 55	i.	56 – 60
j.	61 – 65	k.	66 – 70	l.	Over 70

7. Please indicate your marital status.
   a. Never married
   b. Married and living with husband
   c. Married once but divorced and single
   d. Married for the second time
   e. Married second time but divorced and single
   f. Living with significant other, not married
   g. Widowed
   h. Other ____

8. Please indicate the number of people currently living in your household.

   Children under the age of 18______

   Family other than spouse or children _____

   Other (please describe) ____

9. Please indicate how much education you have completed.
   a. Less than high school
   b. GED
   c. High school diploma
   d. Some college
   e. Two-year (Associate's) degree
   f. Four-year (Bachelor's) degree
   g. Some graduate study
   h. Master's degree
   i. Professional training (describe)
      ____
   j. Other ____