

SECTION V

Financial Literacy:

Money Matters and
the American Dream



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Introduction

A 2021 analysis by the [Urban Institute](#) reported how much wealth disparities have grown since the authors were children. “In 1963, white families had a median wealth of about \$45,000 more than families of color. By 2019, white families’ median wealth had grown to about \$165,000 more than Black families and about \$153,000 more than LatinX families...Put another way, the typical white family had eight times the wealth of the typical Black family and five times the wealth of the typical LatinX family.” The Urban Institute analysts noted that their data, collected in 2019, pre-dated the dramatic, devastating economic impact of the COVID-19 pandemic on people of color.

Given the wealth gap and the multiple pandemics of 2020, Stewart and Adams were eager to see how their female desk workers save and invest and whether they had adequate, accurate sources of financial advice.

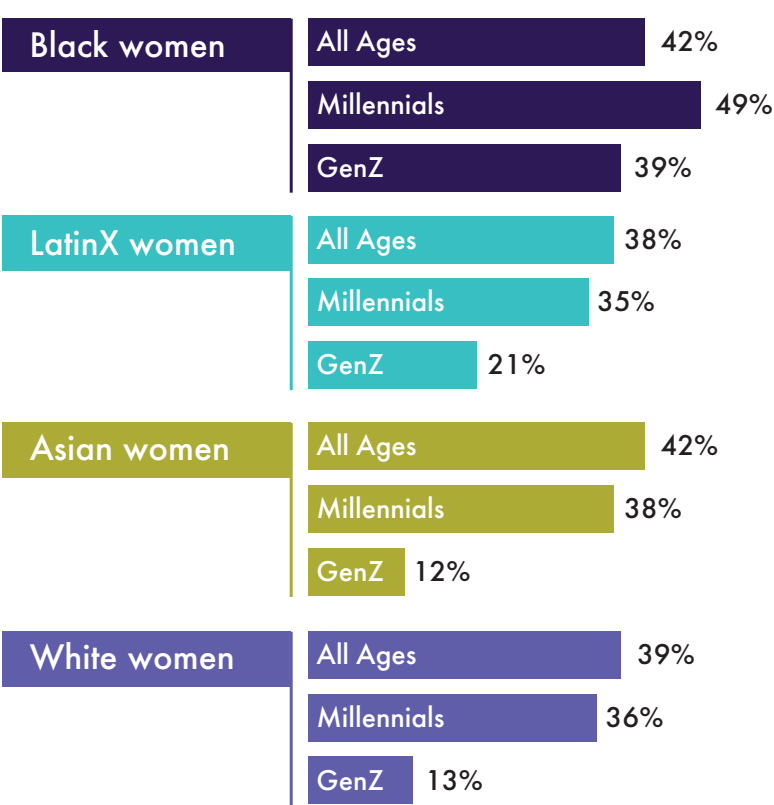
Financial Literacy: Money Matters

Despite the disproportionate impact of the 2020 economic downturn on people of color, Black women reported the strongest confidence in their financial abilities and decision making. Ironically, the data showed that younger Black women expressed notable confidence in their ability to invest, even though they said they were the least likely to save their money.

- 49% of Black Millennial women strongly agreed that they could support themselves financially with no one’s help, as opposed to 35% LatinX, 38% Asian, 36% white.
- The inverse of these findings paints a troubling financial picture for Millennial female desk workers of all races. 51% of Black women, 65% of LatinX, 62% of Asian and 64% of white Millennial women did not think they could support themselves without anyone else’s help.

FINANCIAL INDEPENDENCE: SUPPORTING MYSELF

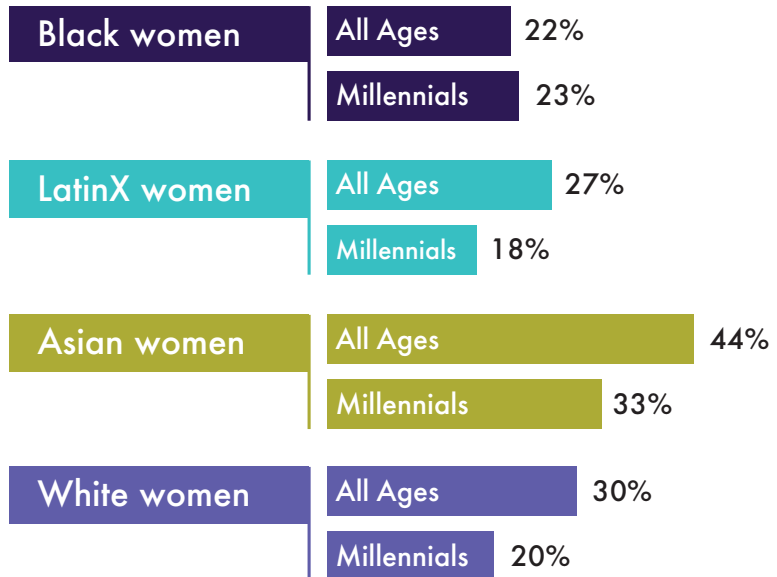
I would be able to support myself financially without anyone else’s help



- Given the *she-cession* wrought by the COVID-19 pandemic, only the Asian women said they were reasonably confident that they would have enough money to survive six months if they lost their job.
- Black, LatinX and white Millennial workers reported limited confidence in their current abilities to survive six months without a job.

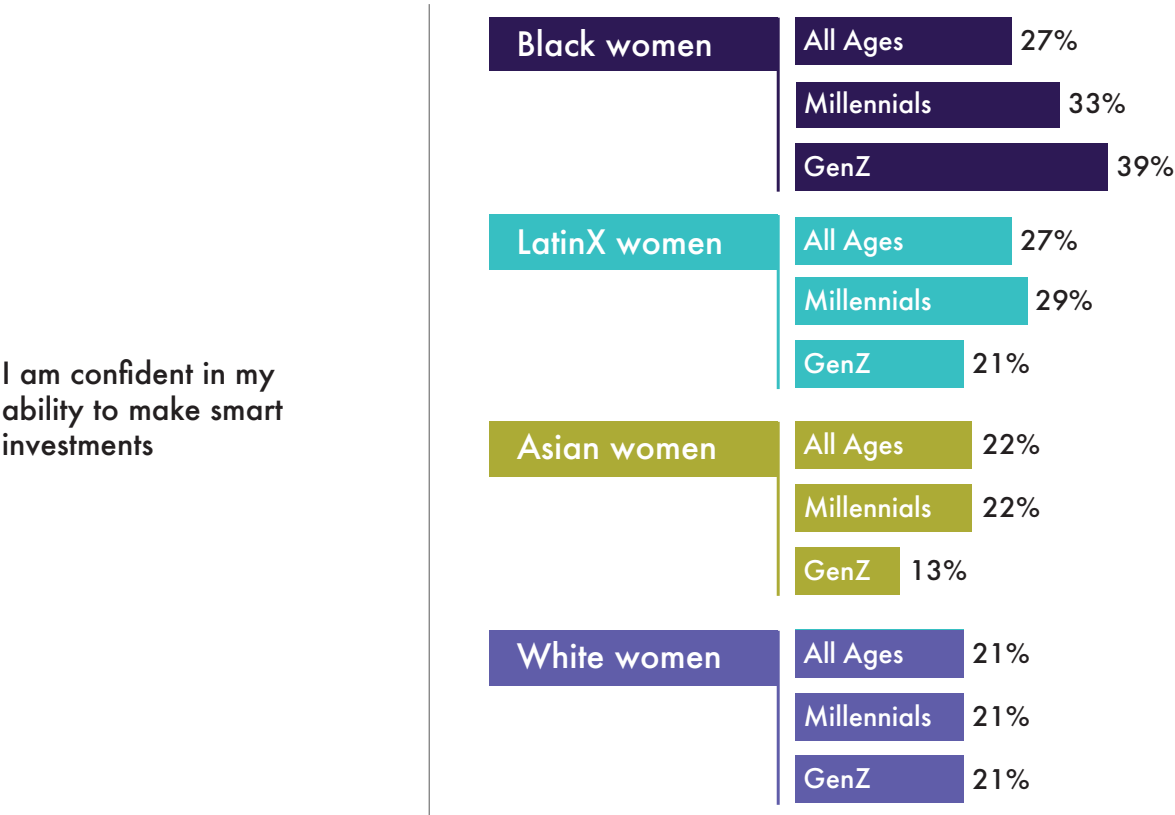
FINANCIAL INSTABILITY

I'm confident I have enough money to survive for at least 6 months if I lost my job tomorrow



- 39% of Gen Z Black women strongly agreed that they were confident in their ability to make smart investments. They were the most confident of all of their Gen Z female counterparts.
- Only 13% of Asian Gen Z women said they were confident about their ability to invest smartly.

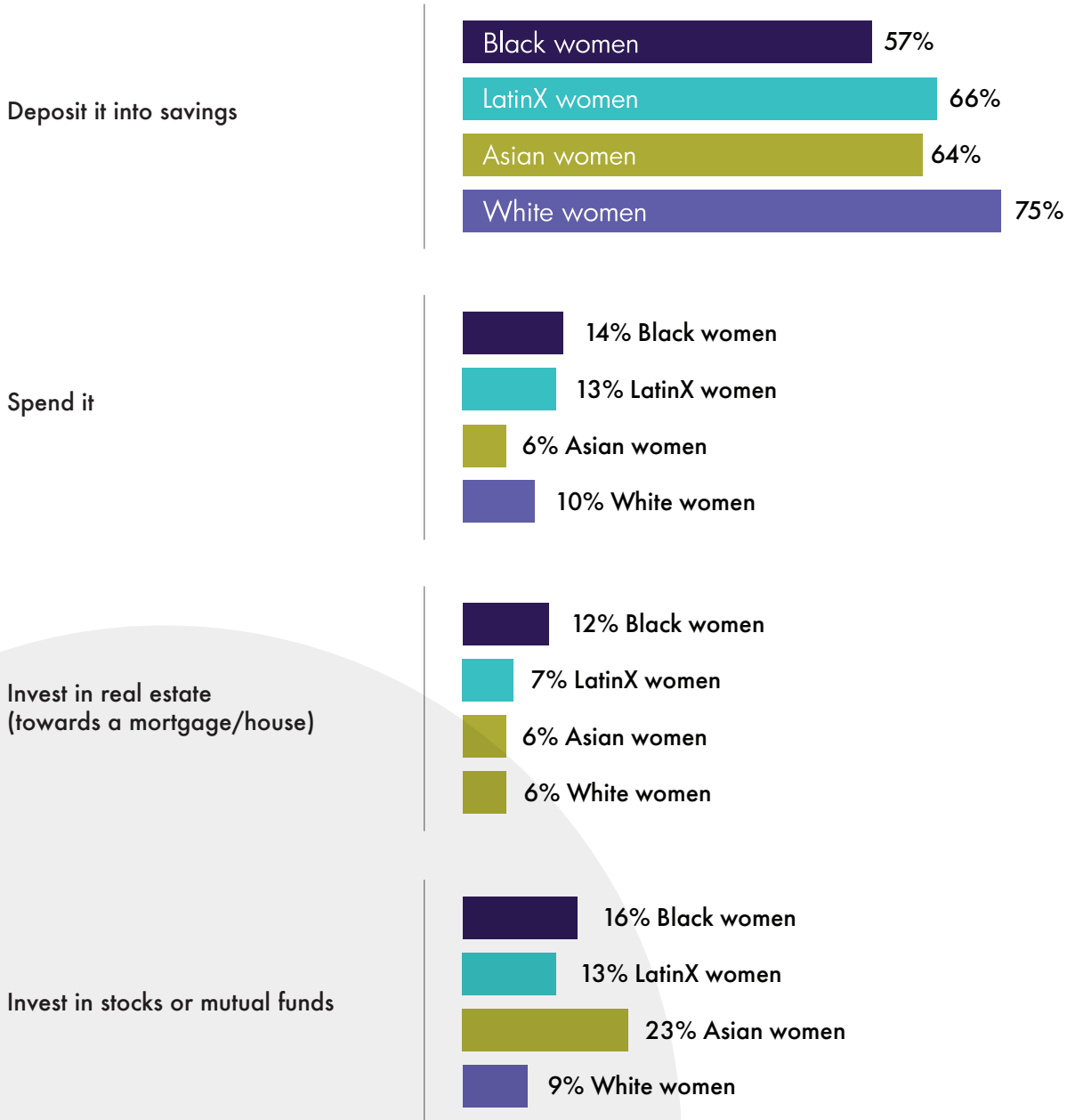
FINANCIAL INDEPENDENCE: MAKING SMART INVESTMENTS



The 2020 Survey identified several contradictions regarding finances and financial literacy.

- While Black women across the generations said they were less likely to save their money, they displayed the most confidence about their ability to invest their money.
- If they had a \$2000 windfall, Millennial and Gen Z Black women said they were the most likely in their generations to invest their money in real estate, mutual funds, or stocks. However, it is important to note that those saying they would invest represent very small percentages.

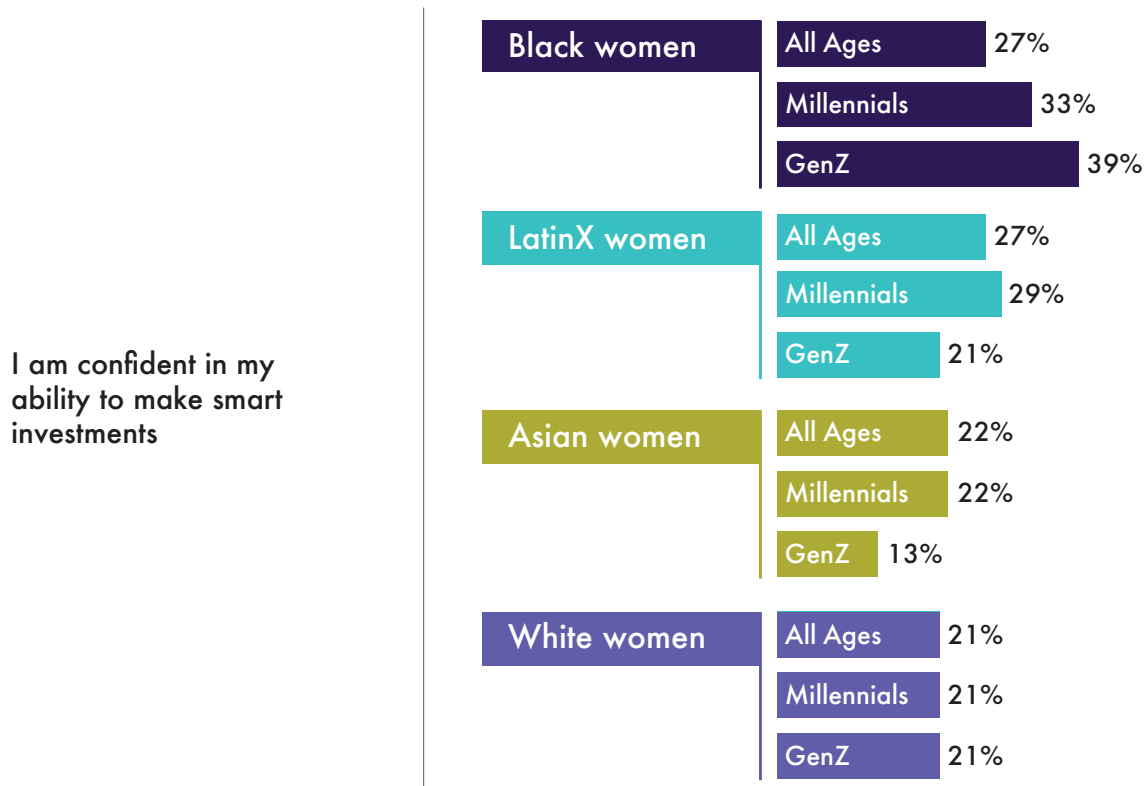
**FINANCIAL: IMAGINE YOU CAME INTO A SUM OF \$2000.
IF YOU COULD DO ONLY ONE THING, WHAT WOULD YOU DO?**



- White women of all generations said they were most likely to save a sum of money.
- Black women were the most likely overall to spend an imaginary \$2000 windfall. However, Black women were more confident than white women that they would spend their money wisely, 34% vs. 29%. Yet again, the inverse of these findings is daunting.
 - 66% of Black women and 71% of white women are not confident that they would spend their money wisely.

- Gen X and Boomer Asian women said they were the most likely in their generations to invest a sum of money.
 - However, Asian women were least confident of their abilities to make smart investments. They were the most confident, especially the older Boomers, that they would have enough money to survive if they lost their job.

FINANCIAL INDEPENDENCE: MAKING SMART INVESTMENTS



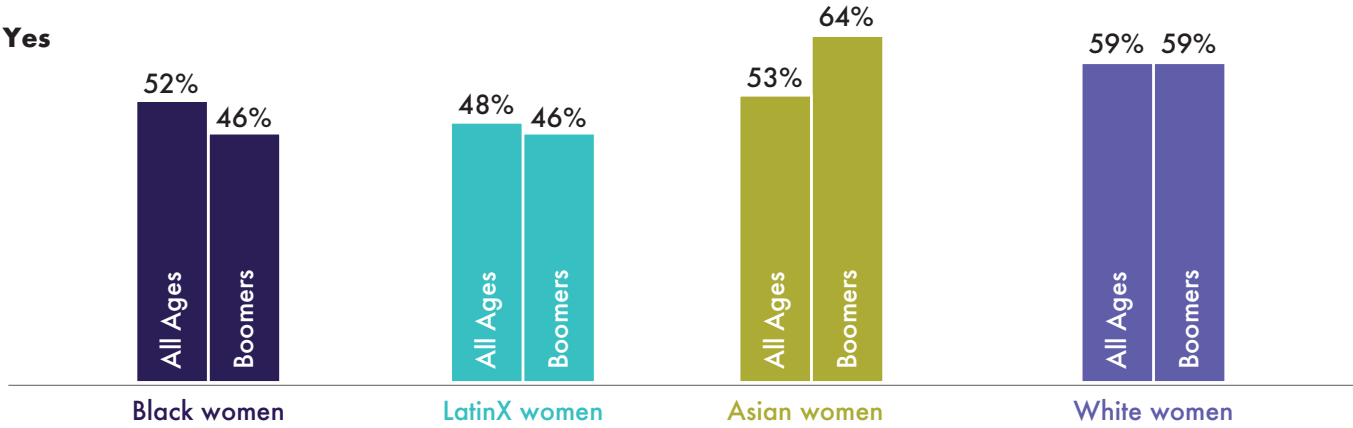
- Black women, especially younger women, said they were most confident in their spending habits, as well as their ability to provide for themselves and make smart investments:
 - 39% of Gen Z Black women strongly agreed they were confident in their ability to make smart investments. The same was true of 21% LatinX and white Gen Z women and 13% of Asian Gen Z women
 - The findings suggested that these younger women may be learning about financial literacy at an earlier age than elders did.
 - However, again, the inverse of the reported numbers showed large majorities of women who said they were not confident of their financial abilities.

The lack of knowledge and confidence about financial matters can perhaps be explained by the relative lack of knowledge about where to turn for advice about finances.

Knowledge About Sources Of Financial Advice

- Overall, LatinX women said they were the least likely to know where to seek financial advice:
 - 48% LatinX overall, as opposed to 52% Black women, 53% Asian, and 59% white women.
- The least knowledgeable groups about sources of financial advice were Black Boomer female desk workers as well as LatinX Boomers and Gen X desk workers at just 46%.

KNOWLEDGEABLE ABOUT SOURCES OF FINANCIAL ADVICE



The American Dream

In part, because author Jacqueline Adams joined the Advisory Board of the Milken Center for Advancing the American Dream, a question was added to the 2020 Survey about the aspiration of achieving the American Dream. Even at the end of a year marked by significant economic and health challenges for most Americans, the women of color desk workers in the *2020 Women of Color in Business: Cross-Generational Survey*® believed that the American dream was within their grasp.

- Overall, the four generations and four races of female desk workers reported majority agreement with the statement: “If I work hard enough, I can achieve the American dream.”
- Those who topped the findings were Boomer Asian women at 87%, followed by Gen X LatinX women at 81%.

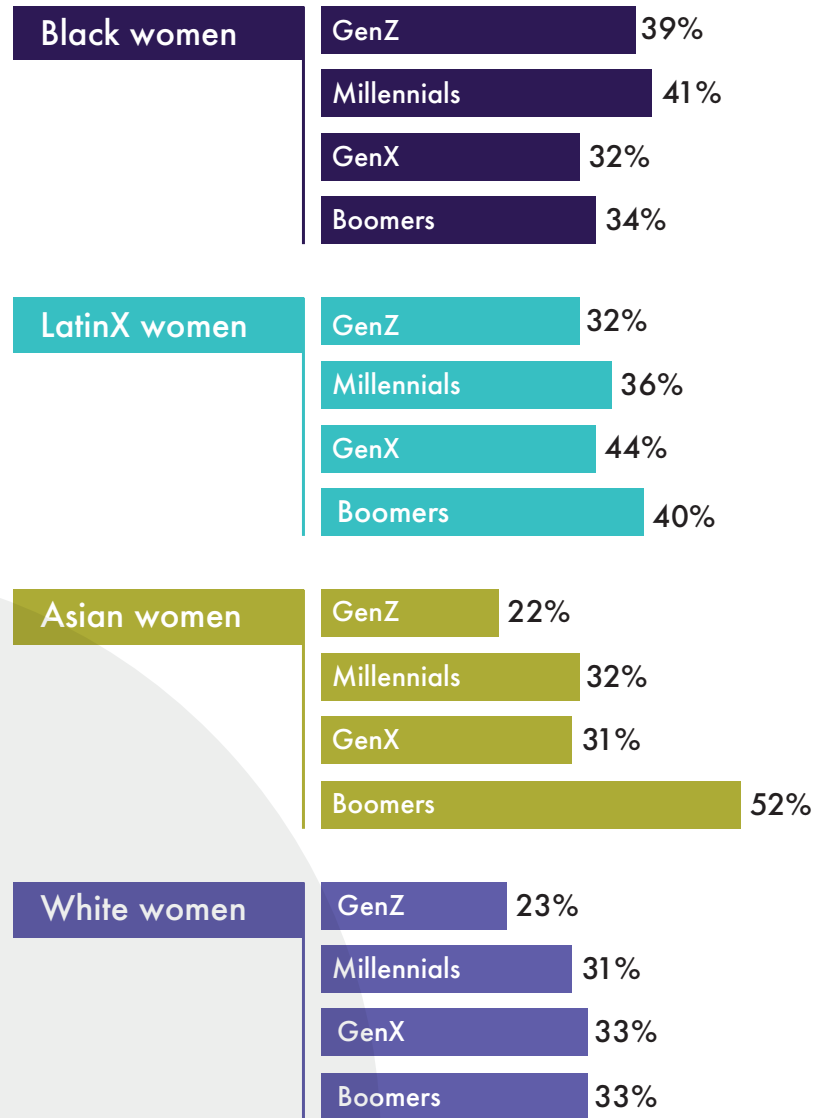
However, the analysis became more nuanced when one separated the responses by intensity, by Strongly Agree and Somewhat Agree.

- Among the youngest Gen Z women, Black and LatinX women had significantly stronger optimistic opinions about their futures than their Asian or white counterparts: Strongly Agree: Black 39%, LatinX 32%, Asian 22% and white 23%.
- Millennial women followed a similar pattern: Strongly Agree: Black 41%, LatinX 36%, Asian 32% and white 31%.
- Among Gen X women, LatinX women’s intensity significantly outpaced that of the other women: Black 32%, LatinX 44%, Asian 31%, and white 33%.
- And for Boomer women, Asian women far outpaced the intensity of the other women Black 34%, LatinX 40%, Asian 52% and white 33%.
- The inverse of these findings was striking. If one looked at just “strongly agree,” majorities of almost all of the races and generations were not optimistic that they could achieve the American Dream through hard work.

As Boomers themselves, the authors might conclude that the closer one gets to finishing the race towards the American Dream, the clearer the reality of it appears.

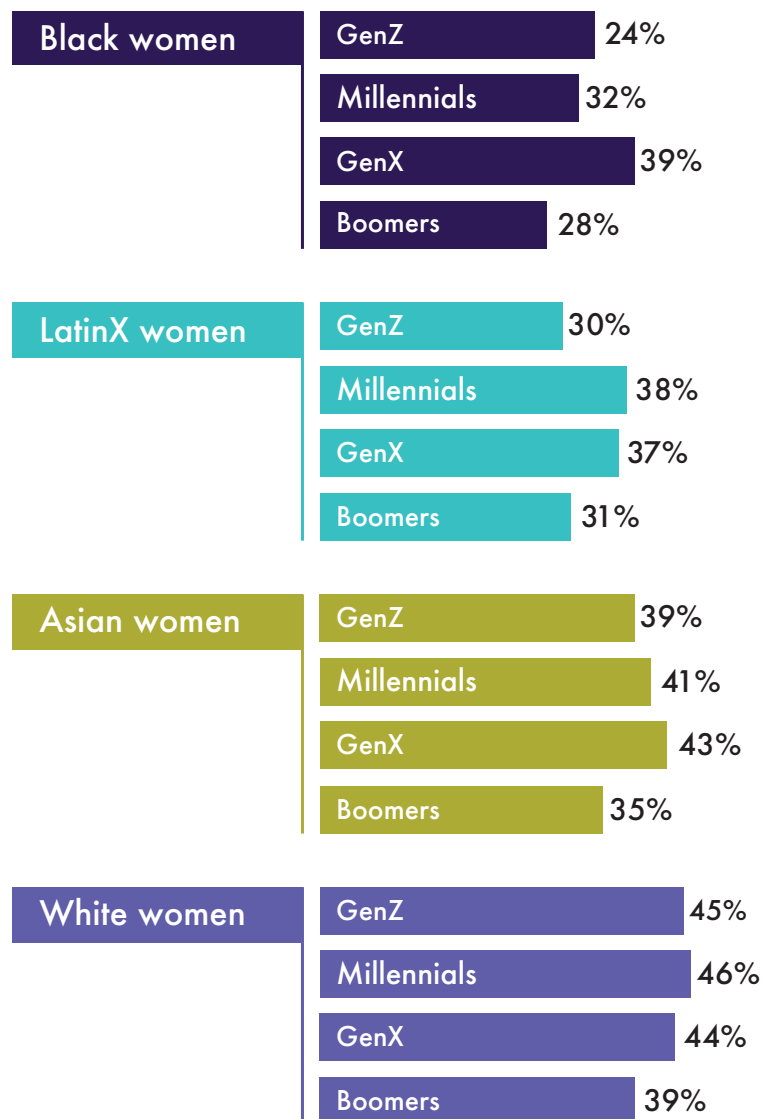
IF I WORK HARD, I CAN ACHIEVE THE AMERICAN DREAM

Strongly agree



IF I WORK HARD, I CAN ACHIEVE THE AMERICAN DREAM

Somewhat agree



Take The #TeamUp Challenge

After analyzing all of their data over two years, the authors have come up with a series of challenges for both managers and individual desk workers. These challenges are intended to help everyone “lead, empower, and thrive” in their workplaces.

Challenge #1

Women of Color:

Financial literacy, saving and investing wisely, and achieving the American dream go hand-in-hand. A place to start to calculate how much to save is the wealth calculator tool on the Calculate My Wealth website: www.calculatemywealth.com/wealth-calculator/

(In the interest of full transparency, this tool and website are the work of Bonita’s husband, Kevin Stewart.)

Goals:

1) Conduct your own experiment. Using the Wealth Calculator tool, see how much you could earn by the time you want to retire if you invest in equities, bank savings or half in savings and half in stocks.

2) Treat financial literacy as lifelong learning.

Conclusion

Co-authors Stewart and Adams devoted an entire chapter of their book to the subject of wealth, value, and power. Enslaved people were extraordinarily valuable but owned none of the wealth they created nor the wealth of their very bodies and offspring. In the aftermath of the Civil War, laws were passed to keep descendants of slaves from achieving wealth. The data in the introduction of this section shows how successful the wealth denying activities have been: in 2019, the typical white family had eight times the wealth of the typical Black family and five times the wealth of the typical LatinX family.

Despite the history and the facts, women of color, particularly younger Black women, reported in this section of the *2020 Women of Color in Business: Cross-Generational Survey*© that they were confident about their ability to use the financial resources that they have, even amid health and economic pandemics. A vast majority, 87%, of older Boomer Black women said that with hard work, they could achieve the American Dream, however they define that dream.

As poet Maya Angelou wrote: “We are the miraculous!”