



DIVERSE VIEWPOINTS: EXPLORING WEALTH IN THE BLACK/AFRICAN AMERICAN COMMUNITY



A MESSAGE FROM MERRILL

At Merrill, we've always focused on putting our clients first and understanding them as individuals and as members of their communities. This body of research furthers our commitment to understanding the diverse experiences and financial paths of the communities in which we live and work. We've partnered with Ipsos, a global market research and consulting firm, to explore how our cultural, racial, sexual orientation, and gender identity and expression influence our perspectives on wealth, money, and success. A lot has happened since we conducted this research in 2019 and the work is even more relevant and important as a result of events in 2020, including the COVID-19 pandemic and the protests surrounding racial injustice.

Our research explores the experiences of the Black/African American, Hispanic/Latino, and LGBTQ+ communities. We spoke with thousands of individuals from different backgrounds and professional experiences — we even immersed ourselves in peoples' homes in 2019, listening to the personal stories reflected in their surroundings. We spent a lot of time listening and through those deep conversations, interactive discussions and surveys, we heard a breadth of diversity and range in stories of success and wealth creation. Notably, we also heard how these experiences are often missing from the cultural narrative and popular discourse. To begin to address this gap, we are sharing many firsthand stories and research findings here with you. Our attempt is a humble one: to ignite a conversation, fueled by the lives of real people.

We look forward to the conversations this sparks, and the relationships that are further enriched from here.

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INTRODUCTION

Diversity & Wealth

Black/African Americans represent approximately 13% of the American population.¹ And over the last five years, there has been an increase in the size of the affluent segment (household income of \$125,000+) in the Black/African American community of around 65%, compared with 53% for the general population.² Additionally, we see increasing diversity among younger generations, with nearly half of Gen Z identifying as racial or ethnic minorities.³ To best serve the Black/African American population, it is critical we better understand the experiences, motivations, and goals of this community.



Understanding the viewpoints of individuals in the affluent Black/African American community begins with grounding ourselves in individual stories, circumstances and experiences. People might be familiar with the stories of individuals in this community who achieved success at the top of their field, like Oprah, head of a media empire, Barack Obama, the first Black president of the United States, or Ursula Burns, former CEO of Xerox. While the visibility and success of these figures are important, there are so many other untold stories driving the 65% increase in the affluent segment of the Black/African American community. This paper explores those stories of successful individuals who have not created wealth from the world of celebrity or fame, but who also need to be celebrated for the inspiration they are, and what they represent.

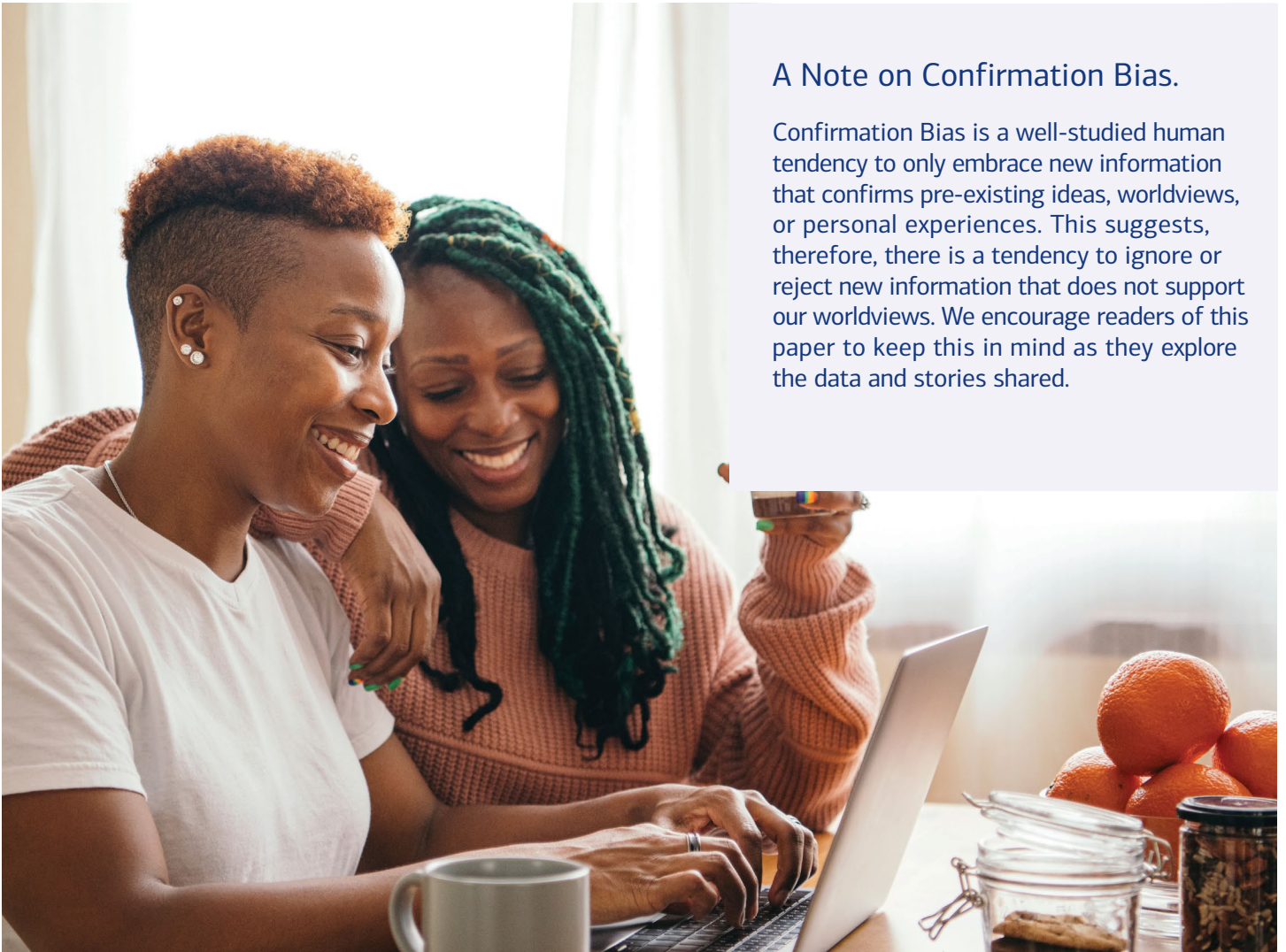
¹ US Census Bureau

² Ipsos Affluent Study 2015-2020

³ Pew Research Center, Early Benchmarks Show 'PostMillennials' on Track to Be Most Diverse, Best Educated Generation Yet, 2018.



Through our in-person conversations, online discussion forums and survey, we immersed ourselves in the lives of affluent members of the community to understand their unique and individual experiences. We organized insights around three major themes – Identity, Work & Money, and The Future. This paper dives into each (modifying the individuals’ personal details for privacy) in hopes that it will start a larger conversation around how we can better serve our increasingly diverse client base.



A Note on Confirmation Bias.

Confirmation Bias is a well-studied human tendency to only embrace new information that confirms pre-existing ideas, worldviews, or personal experiences. This suggests, therefore, there is a tendency to ignore or reject new information that does not support our worldviews. We encourage readers of this paper to keep this in mind as they explore the data and stories shared.

With first person stories and data points in hand, we organized insights around three major themes:



IDENTITY

“I’m proud to be Black, and I’m so much more.”



WORK & MONEY

“We have to work twice as hard.”

“I trust and invest in myself.”



THE FUTURE

“Intergenerational wealth starts with me.”

“It’s about future and inclusivity, not exclusivity.”



We fielded a survey to a representative sample of 455 affluent Black/African Americans. Here is a bit more about the affluent Black/African Americans we spoke to:

AGE

- 28% 20-34
- 32% 35-54
- 40% 55+

GENDER

- 52% Female
- 48% Male

INVESTABLE ASSETS

- 37% \$100K – <\$250K
- 28% \$250K – <\$500K
- 19% \$500K – <\$1M
- 16% \$1M+

PARENT

- 34% Have a child/children under 18 in the household

RELATIONSHIP STATUS

- 50% Married
- 33% Single, never married
- 9% Divorced or separated
- 5% Living with a partner
- 3% Widowed

EMPLOYMENT STATUS

- 78% Employed
- 22% Retired

EDUCATION LEVEL

- 9% High School
- 62% College or some college
- 29% Post-Bachelor’s degree

IDENTITY

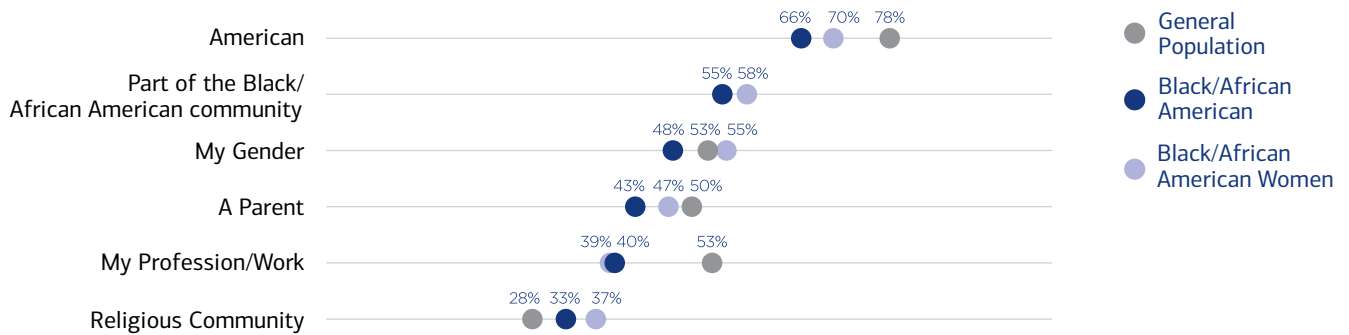
“I’m proud to be Black, and I’m so much more.”

“I am a mother, a wife, a friend, a sister and daughter, an active member of my church, an engineer, and I am Black. I am part of the Black community. Oh, and I also represent an African American woman in America.”

- Mary, Chemical engineer, 53

In trying to understand how individuals identify, we asked members of the Black/African American community how they described themselves: whether they were African American, Black or something else. And what we regularly heard was: “Yes, I’m Black or African American and I’m also so much more than that.” Two-thirds of affluent Black/African Americans we spoke with see themselves as American first, then part of the Black/African American community. For Black/African American women, gender is as important an identifier as being part of the Black/African American community. When we think of ourselves as individuals, about who we are and what defines us, there is rarely a singular response. Each component of our identity makes up a perspective on varying aspects of our lives.

Which identities define you?



For Black/African American women, their gender is as important an identifier as being part of the Black/African American community.

“There are many of us in the Black community who are wealthy and live very normal lives.”

- Tiana, Marketing professional, 29

Many of the affluent Black/African Americans we spoke to described feeling frustrated by media portrayals perpetuating clichés about Black/African American wealth. We heard that the diversity and breadth of Black/African American wealth is often overlooked. Some of the individuals we spoke to described this as a narrative desert – a dearth of everyday stories about Black/African American wealth. As a result, there is a strong commitment on behalf of the Black African/American community to tell different stories in hopes that individuals within and outside of the community can appreciate the full range of diverse wealth.



Shifting Contexts, Shifting Identities.

We all have a set of identities that make us, us. These identities shift as a result of our context: we’re more likely to think of ourselves as a manager when we are at work and less likely to feel that way at home, where we may think of ourselves as a partner or teammate. Whichever identity is stronger tends to drive our goals, our attitudes, and the choices we make.

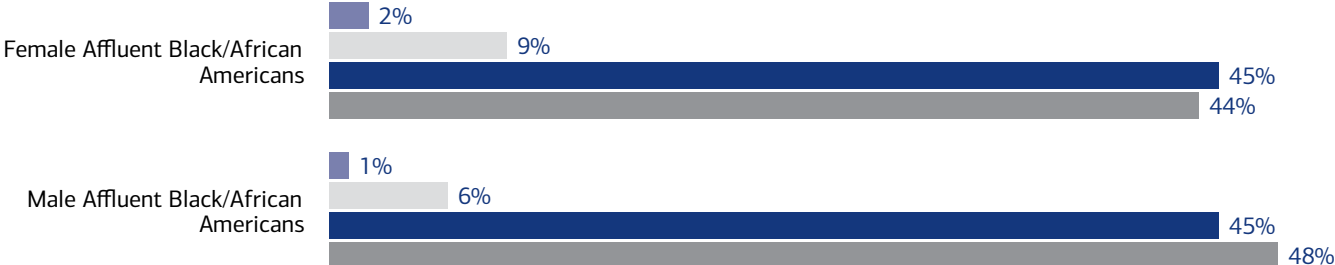
Reed, Americus. “Social identity as a useful perspective for self-concept-based consumer research.” *Psychology & Marketing* 19, no. 3 (2002): 235-266.

We asked, “When reading articles, seeing company communications and watching TV, which term do you prefer — Black, African American, Person of Color or Other?” and found that 46% preferred the term ‘African American’ while 45% preferred ‘Black.’

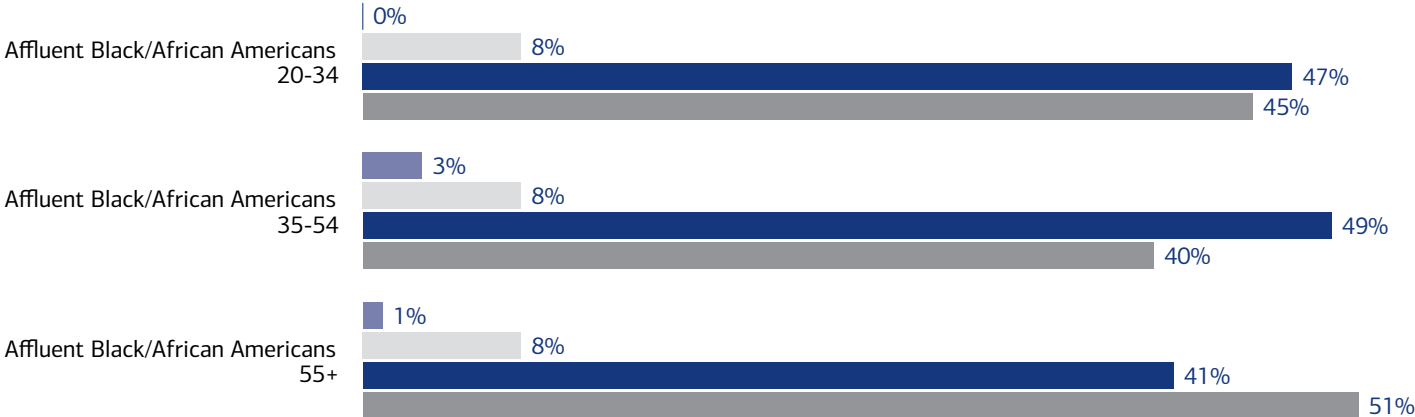
Total



Gender



Age



- Other
- Person of Color
- Black
- African American

Nobody told me that in order to be successful, I'd have to give up so much.

“The paper recently posted a ranking of top school districts in our state, and one of the top three districts is about 45 minutes away from where we live now. I’m a partner at a law firm, and one of my colleagues is from this district. She was talking about a Model Congress conference her daughter was participating in out of state. My son is super passionate about politics, but his school doesn’t have Model Congress. I don’t mean to say we live in a bad area, our district is fine too, but these are the kinds of experiences I’d really like to give him. My wife and I started talking about possibly moving to this district. Our kids are going to high school in the next couple of years and I want to make sure I’m giving them the best opportunities to succeed. I’m proud of what I’ve achieved and that I’m able to even consider doing this. But we also worry about what we’re giving up.

A lot of our childhood friends live nearby, and my wife’s parents live a few streets away, so the kids are able to see them all the time. We’re active in our local church and it’s important that we instill these values in our children. There’s a lot to be said about growing up around people who understand your life, the things that you go through, and have gone through similar things in the past. Even if we’re not all at the same level financially, I still know I belong here.

So, then the question I ask myself is, “Is it better to sacrifice my family’s sense of belonging, or their access to opportunities that will set them up for a better life?” It feels unfair that I even have to make this tradeoff. I have this increasing feeling of isolation as I face more of these decisions, and it’s awkward to be facing these ‘consequences’ of my success.”

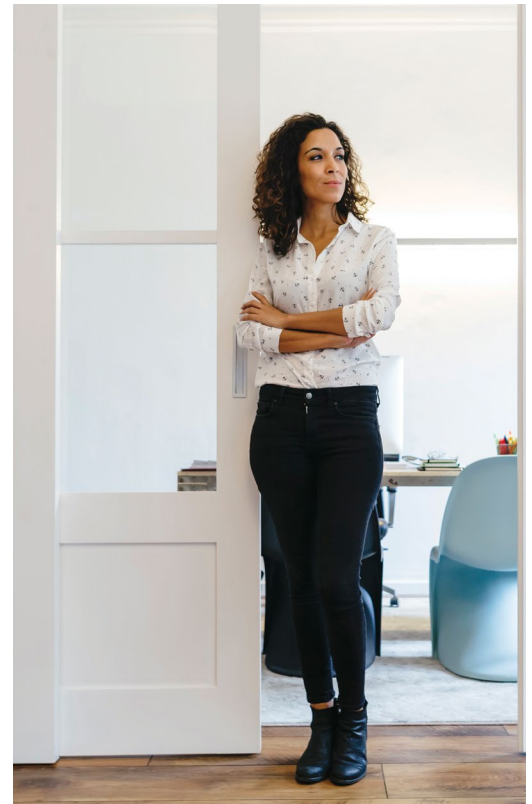
- Marcus, Partner at law firm, 41

We heard from many affluent Black/African Americans about balancing their pursuit of success. On their path to achieving their goals, they found themselves further removed from the people and community who helped them reach those goals. Some viewed this as a “consequence” of success; others expressed that moving to a neighborhood where no one looked like them felt like giving up a piece of their identity. Conversely, many described having the ability to move to a new neighborhood and secure opportunities for their family as a privilege and an honor, a source of pride and marker of success. Ultimately, what came out of these conversations was how important it is to understand the diverse financial goals and narratives within the Black/African American community.



The financial goals of affluent Black/African Americans reflect their need to overcome barriers to growing their wealth. Compared to the affluent general population, affluent Black/African Americans are:

- 50%** less likely to list saving for retirement a current goal
- 50%** more likely to be trying to get out of debt
- 5X** more likely to plan to financially assist or support parents
- 4X** more likely to plan to start a business
- 25%** more likely to be supporting their family financially
- 45%** more likely to say paying day to day expenses is a source of financial stress
- 3X** more likely to say that paying for the costs of their education is a source of financial stress



When surveyed, affluent Black/African Americans' financial goals reflect their complex history in America. Many goals are not purely financial and are connected to combating societal injustices and imbalances. Affluent Black/African Americans prioritize supporting family members, investing in businesses of individuals they know and securing wealth through entrepreneurship. Saving for retirement and leaving an inheritance are goals the general population view as foundational. The goals of the Black/African American community reflect their need to overcome barriers and obstacles to growing wealth.

WORK & MONEY

“We have to work twice as hard.”

Nearly everyone we spoke to within the affluent Black/African American community talked about the value of hard work. Hard work and “the hustle” were often cited as contributors to the success of affluent Black/African Americans. However, it wasn’t just about working hard but working harder than others. We heard about this being a core value; be it in school, in a corporate environment, or in running a family business.

“I got this work ethic from my father. I watched him work hard at two jobs all his life. He is 75 and still owns a bus company and is still working hard. I do things outside of my job at Emory, like my cupcake business and my food blog. I have used my event planning skills to help my friend with her vegan catering business. I work hard, I do a great job, she pays me. It’s all good!”

- Raquel, University administrator, 43

“When I was growing up, my family would sometimes go to visit our grandparents for the weekend. My parents were successful business people, but my grandparents’ homes were a different story. They still live in the tiny house where they raised 5 kids, including my dad, in a very different neighborhood than where we grew up. I was always struck by how they showed so much progress in so few generations. My grandparents always pressed on the importance of hard work and education – how that was something no one could take away from you. I take those values from my grandparents and parents, and I now always try to teach my own 8-year-old daughter to understand why work and money are important.”

- Benjamin, Technology consultant, 42

Affluent Black/African Americans are more likely to say they've had to work harder and chart their own course.

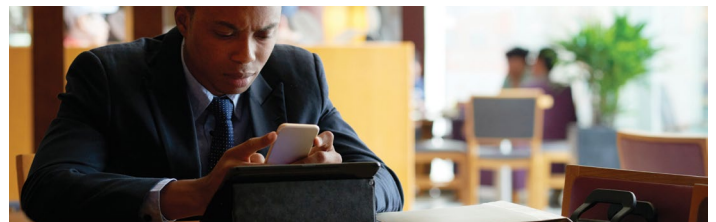
I tend to chart my own course instead of following an established path



I have had to work harder than others to succeed



■ General Population ■ Black/African-American



“I am well aware that the reason I’ve made it to where I am now is because my parents made me do things like extra homework, summer jobs, and team sports. We were always told that we’d have to work twice as hard to get the same as everyone else. That idea has always stuck with me and has unfortunately been true at multiple points in my life. Still, I know that hard work pays off.”

- Drew, Designer, 33

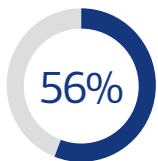
Affluent Black/African Americans are 2x more likely than the affluent general population to say they have had to work harder than others to succeed. Members of this community equate hard work with running a business, having lots of responsibility, working long hours, looking after family and work that is emotionally challenging. Many of the attributes that define hard work for affluent Black/African Americans are, in many ways, contrary to the idea of passive income.

In some conversations with affluent Black/African Americans in the investment community, we heard that there is sometimes a skepticism about financial markets – a suspicion, even, that one could make money passively without putting in the blood, sweat, and tears that previous generations and they themselves have had to put in.



“What we as financial advisors want to communicate to our clients is that there is hard work in managing your money in a way that it has the potential to grow ‘on its own’. In the Black/African American community, there is still skepticism around the intangibility of the products. There is still a lack of trust, and without that it is difficult for us to build an advisory relationship with clients and to be able to help in any kind of meaningful and long term way. We are trying to demonstrate that part of creating wealth – that part that is distinct from income is making the money work for you, that it’s okay to ‘let someone else do the ‘hustle’.”

- Diane, Financial advisor, 56



56% of affluent Black/African Americans cite “it’s important to work hard for the money I earn,” compared to 45% of the affluent general population.

WORK & MONEY

“I trust and invest in myself.”

In our conversations with affluent Black/African Americans, we asked about their financial plans. Specifically, we asked if they had a set of financial goals along with the steps necessary to pursue those goals. Ninety-one percent of affluent Black/African Americans self-reported that they have a financial plan (compared with 81% of the affluent general population). Moreover, Black/African Americans are 19% more likely than the general population to have developed the financial plan on their own. And they are practicing diversification on their own terms, finding multiple ways to earn and invest. This goes beyond the traditional balanced portfolio and includes starting a business, investing in others' businesses or looking at property as both an investment and a business unto itself. The idea of home ownership came up often in our discussions with the community. Many affluent Black/African Americans said they prefer to invest in real estate over stocks or mutual funds, due to its tangibility.

I have invested in...	General Population	Black/African American
Stocks/bonds/securities	63%	48%
Retirement Account (401(k), 403(b), IRA)	86%	64%
Property that I live in	67%	48%
Property that I rent to others	12%	14%
A business of someone I know	2%	8%



Compared to the affluent general population, affluent Black/African Americans are more than twice as likely to prioritize learning more about owning a home.

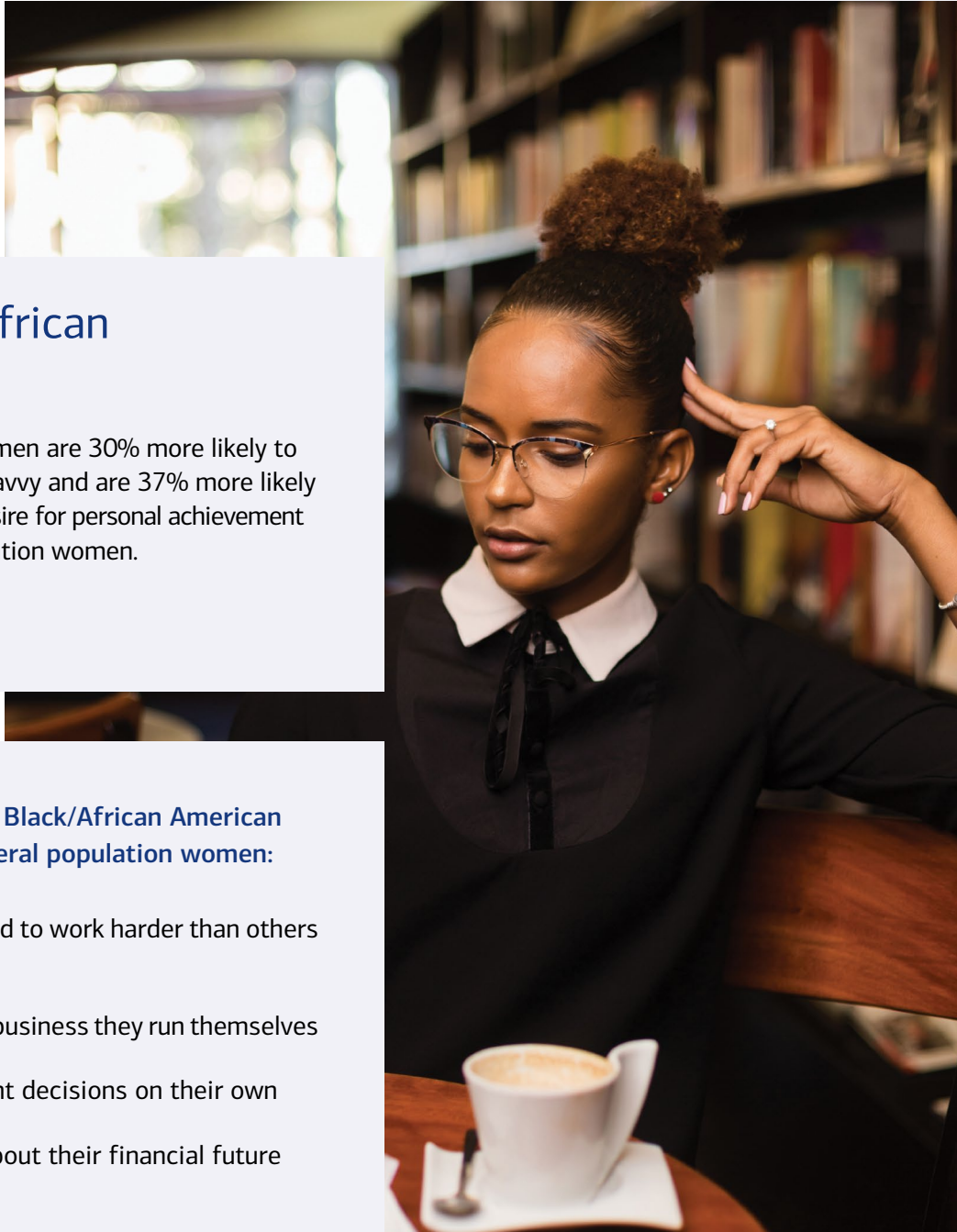
What we heard was a need for agency over one's destiny, a desire for self-reliance, and pride in being able to succeed playing outside of, or alongside, institutions.

“Growing up, my dad always stressed the importance of saving. I've always done a little consulting business on the side to earn a little more to save, but over the years, I've learned that's not enough for me to be able to really grow my family's money. I started learning about investing after college when I started putting money in a 401(k). I would talk to coworkers and I went to personal finance workshops to learn everything I could. I would consider myself self-made, because I took the initiative to create the outcome I want.”

- Michelle, Management consultant, 36



Starting a business is a key financial goal in the Black/African American community—affluent Black/African Americans are 4X more likely to plan to start their own business, compared to the affluent general population.



Spotlight on Black/African American Women.

Affluent Black/African American women are 30% more likely to describe themselves as financially savvy and are 37% more likely to be motivated by an ambition or desire for personal achievement compared to affluent general population women.

Financial perspectives of affluent Black/African American women compared to affluent general population women:

20% more likely to say they have had to work harder than others to succeed

4X more likely to have invested in a business they run themselves

30% more likely to make investment decisions on their own

30% more likely to be optimistic about their financial future

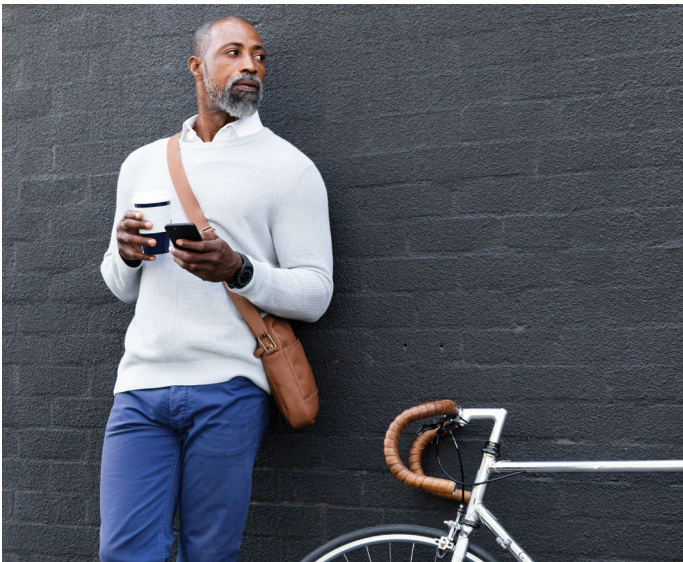
What are your most important financial goals?	Affluent women in the general population	Affluent B/AA women
Gaining financial independence	22%	30%
Being able to leave an inheritance to family	21%	28%
Donating to a charity or cause	16%	23%
Saving enough money to begin/continue investing in the stock market	13%	23%

Which of the following are the main sources of stress for you financially?	Affluent women in the general population	Affluent B/AA women
Too much debt	10%	20%
Paying day to day expenses/meeting current needs	13%	18%
Others asking me for financial help	5%	13%

THE FUTURE

“Intergenerational wealth starts with me.”

Many members of the affluent Black/African American community noted that passing on an inheritance or leaving assets for one’s children was not something that happened commonly. They noted that conversations about wealth transfer, inheritances, or estate planning didn’t occur, as intergenerational wealth has historically been a luxury afforded to communities who have not had to overcome systemic barriers to wealth accumulation. Given the barriers, many affluent Black/African Americans we spoke with redefined legacy. Respondents described a legacy as being able to pass on values like hard work, having an impact on the community, or being a role model to the next generation.



“My great-great-grandfather was a slave. His son was a sharecropper, and my grandfather worked in a garment factory. In the history of my family, and the histories of many Black families, we haven’t had the opportunities to truly accumulate wealth until very recently. This is our moment. Now, standing on the shoulders of these giants who came before me, I am in a position to build a new legacy for my family.”

- Doug, Professor, 36

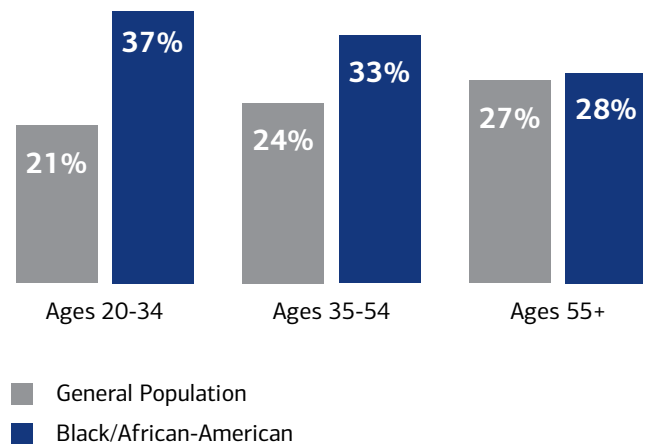
The affluent Black/African Americans we spoke with discussed the importance of not only passing down the values taught to them, but also being able to start an inheritance. In fact, 21% of affluent Black/African Americans said that inheritance and passing down wealth is part of their financial plan. Because of accessibility of information caused by technological advancements and the financial foundations previous generations have laid, younger affluent Black/African Americans we spoke with are more likely than previous generations to describe themselves as financially savvy.



Millennial affluent Black/African Americans consider themselves to be financially savvy.

While we did not administer any tests or assessments of financial acumen, younger generations of affluent Black/African Americans are more likely to describe themselves as financially savvy compared to those 55+. This is the inverse of the general population and likely due to technology, including apps and websites and an awareness of the opportunities provided by previous generations, and the desire to not waste those opportunities.

“I would describe myself as financially savvy.”



Perspectives on financial role models in the Black/African American community.

88% of affluent Black/African Americans do not view athletes and entertainment celebrities such as actors, actresses, musical artists as financial role models

25% of affluent Black/African Americans view other successful Black/African Americans as financial role models

Compared to the general affluent population, affluent Black/African Americans say that they are motivated by:

Motivated By	General Population	Black/African American
Ambition, or desire for personal achievement	10%	19%
Being able to give back to my community/support a cause I believe in	12%	18%
Proving myself to those who said I wouldn't succeed	3%	10%
Setting up future generations for success	12%	14%

Many affluent Black/African Americans noted the importance of learning from people who have worked hard and have proven they can be successful in the face of similar challenges.

They are:

4X more likely than the general affluent population to view local business owners/community organization leaders as financial role models

2X more likely than the general affluent population to view well known business executives such as Jeff Bezos, Warren Buffet, Shawn Carter, Tim Cook or Sheryl Sandberg as financial role models

2X more likely than the affluent general population to have financial role models



THE FUTURE

“It’s about the future and inclusivity, not exclusivity.”

The ideas of money and wealth are often tied to the idea of heritage - a history that connects what we have in the present to what we have been able to achieve in the past. However, in our conversations, we heard more about the future than we did about the past. Affluent Black/African Americans, on the whole, want to work with financial advisors – in fact, 58% already do (compared to 49% of the affluent general population).



“I got married earlier this year and my husband and I decided that as part of merging our finances, we should go see a financial advisor. The advisor assigned to us was a white man in maybe his late 40s/early 50s. He asked about our lives and congratulated us on our wedding. He started talking about how he has been married for 20 years, and he and his wife started their investment accounts at the same financial institution because of its heritage and strong track record of financial success. My mind started to wander – what heritage does he mean? This financial institution is over 100 years old, and as I looked around the offices I didn’t see much by way of diversity – of either gender or ethnicity. Whose heritage was he talking about?”

- Jamie, Restaurateur, 29



58% of affluent Black/African Americans are working with a financial advisor, compared to 49% of the affluent general population.

Perceptions of financial institutions appear to be improving among affluent Black/African Americans, particularly those 20-34 years old. 44% of affluent Black/African Americans 20-34 believe that financial institutions show that they respect the Black/African American community and not just their money, compared to 28% of those 55+. Across all ages, affluent Black/African Americans are also significantly more likely to use an online advisory tool than the affluent general population, especially among the younger age groups. However, there is still more that financial institutions can do to help build this future – starting with building trust.



How can an institution build trust with you?	General Population	Black/African American
Give financial support to causes I care about	15%	28%
Be welcoming and inclusive	37%	47%
Provide local financial education programs for my community	20%	33%
Acknowledge that our past / experiences with the financial system influence my community's outlook	9%	25%
Demonstrate they understand the unique issues of my community	13%	34%
Help/lend to businesses run by my community	8%	30%
Hire people who are part of my community	11%	32%



CONCLUDING THOUGHTS

When we embarked on this project, we knew it would be a rich area of discourse and that we were just scratching the surface. We learned that for many in the Black/African American community, building a legacy means more than having enough money – for individuals within the community, their legacy includes reaching back as they move forward. Success and affluence creates opportunities to support, uplift, and empower others, including the next generation.

The challenge that often occurs when we delve into sensitive realms such as sexuality, gender, race, identity and money is that they get so complicated, intertwined, and difficult to unpack that we end up not addressing them at all—conversations left to be had another day. That is not what we want to happen here. Our intention is to provide enough context to serve as the foundation for relationship-building dialogue. It is through that dialogue, with our expertise as a financial community, layered with our desire to better serve clients from all backgrounds, that we strive to build a stronger, more inclusive financial experience.

Ipsos is the third largest market research company in the world, present in 90 markets and employing more than 18,000 people. Merrill or any of its affiliates are not affiliated with Ipsos. In partnership with Merrill, Ipsos conducted multiple waves of research throughout 2019, employing a variety of research methodologies, starting out by interviewing Merrill stakeholders who serve and represent the diverse communities. In parallel, they synthesized and reviewed an array of publications and academic research on the topics of diversity, wealth and inclusion in financial services and beyond.

- The Online Community and the In-Home Qualitative research was conducted from July to September 2019. We spoke with n=6 respondents from each of the three affluent communities in their homes and hosted an Online Community of n=20 respondents from each of the three communities.

- The Quantitative research was conducted from September to November 2019. We spoke with n=450+ members of each of the three communities and compared them to a representative sample of the n=1000 respondents from the affluent general population. We surveyed: n=455 members of the affluent Black/African American Community, n=512 members of the affluent Hispanic/Latino Community, n=509 members of the affluent LGBTQ+ Community

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