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## A Scholar's Perspective

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By Editor Test      Tue, Apr 26, 2011

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*Wilhelmina A. Leigh, Ph.D., a senior research associate at the Joint Center for Political and Economic Studies in Washington, D.C., recently wrote "African Americans and Social Security: A Primer." A graduate of Cornell and Johns Hopkins, she has taught at Harvard, Howard, Georgetown and the University of Virginia. She spoke with RIJ about policies that might help African Americans, and about her own financial life:*

"Part of the gap in savings comes from the fact that African Americans tend to have a spottier employment records and are more apt to have been out of the workforce. For that reason, and for a variety of other reasons, we need to look for solutions that can help them save for retirement but that are not necessarily tied to being in the workplace. The universal IRA, which everyone can have, can do that. If you're not employed, you can still put something into it.

"We're also looking at some of the issues in the Social Security system. Among African Americans, more women than men say that it will be an important source of income for them in retirement. In 1935, when the system was created, the man was the primary wage earner. That model still determines the nature of the system, but it puts African American women at a disadvantage in terms of getting benefits that are high enough keep them above the poverty line.

"For people who believe that they can make their fortune as entrepreneurs, there might be ways to stimulate that—ways to put resources into programs that make that an option for them. Some states currently allow people who are employed to leave their job and get unemployment benefits as long as they are going to school to acquire skills to help them start their own businesses.

"In terms of what they're willing to invest in, African Americans tend to be more conservative. They would be less likely to go into stocks and high-growth investments and more likely to be interested in owning rental property or small businesses. I don't know a lot of high-wealth African Americans, but I think there are differences in the way they choose to acquire wealth. I'm thinking about Bob Johnson, who started the BET [Black Entertainment Television] network. He bought a lot of businesses, built them up, and sold them at a profit.

"Wealthy African Americans are often the first members of their families to make it out of their previous circumstances. They often have lots of relatives calling them up for assistance, and they feel obligated to help. In my own case, I've had several different jobs.

"Something that struck me during our panel discussion [on April 12 in New York, when Prudential unveiled its whitepaper on the African-American Financial Experience] was the comment that African Americans

have to change their values and not feel that they have to have the latest this or that.

"But if you're a low-income person, a person who is unbanked and who goes to the post office every month to pay their bills with money orders, then you probably have very low self-esteem. Your prospects for ever being anything but low-income may not be great. Buying a big-screen TV might be something you aspire to. It might satisfy your need to improve your quality of life. I believe that, to a point, you have to let people get that out of their systems.

"I've been in the government sector and the 403(b) sector. I've had money in TIAA-CREF. About four or five years ago I realized I needed to rationalize it all, so now most of it is in a rollover IRA. The [TIAA-CREF] annuity money is in a separate pot.

"I'm about half in bonds and half in stocks. I try to be conscientious about rebalancing once a year. At the moment, I'm working with a company—I'd rather not say their name—where I can call up and, if I have questions, I can get access to a certified financial planner. I'm a hands-on person. I wouldn't say to someone, 'Here, take all of my life savings.' And, given the ups and downs that we've seen in the markets, I would be very mad at someone else if they had put me in stocks in and not warned me that the crash was coming. I once worked with a CFP who advised me to take my money out of CDs and roll them into the market. If I had done that, and lost my money, I could never speak to that man again.

"I grew up without a whole lot of things. My parents were born during the Depression. They both worked their way through college. They raised their family in a very frugal sort of manner. They said, 'Don't spend it if you don't have it.' That was the conscious and subconscious message. It worked out well for some of their offspring and not as well for others. I grew up with the idea that I don't ever want to be without or have a need—a money need—that I can't meet. Having that kind of need is what makes people steal food from the grocery.

"One advantage we had was that no one in our family was mathphobic. Many people who are mathphobic would just as soon through up their hands say, 'It just won't work out for you.' We were ready to tackle whatever the problem was.

"When I lived in Boston, people routinely assumed I wasn't born in the United States. In New York, people assumed I was from the Caribbean. It wasn't so much my looks as my attitude. I found that fascinating. Maybe they had never been exposed to African Americans who grew up in families like mine, with strong aspirations.

"My father's family is still in Georgia. But he moved away at 17 or 18 and wasn't in touch very much. We grew up without knowing a lot of our cousins. But staying in touch can mean that you carry the full weight of the whole family's burdens. It's why some people have to get away. If you're not living around it, and not dealing with it every day, then it doesn't weigh you down.

"There's as much variability among African Americans as there is within any ethnic group. It's not as if African Americans were a different species. They are over-represented among lower income populations, but that's where their distinctiveness stops."

