

Generational Wealth

“It’s about time”

Prominent among the lexicon of Black economic empowerment these days is the popular expression “generational wealth.” While this feel-good phrase has found its way into a myriad of settings, one prevalent characterization has emerged. That is, we Blacks need to begin to build and accumulate enough wealth to leave a legacy for the next generation.

The impetus behind this generational wealth movement includes a few basic premises. First, is the acknowledgement that the average Black household lacks substantial net worth or disposable income sufficient to leave a legacy. Second, is the acknowledgement that we must employ some different strategies and behaviors to effect a different result.

Most certainly the benefits are obvious by providing our next generation with resources many of us lacked. All too many Black people are intimately familiar with hardship brought on from unexpected economic events. We have personal experience with unrealized dreams due to a lack of resources; and even for those of us who have “made it” we frequently must ask, “what if I did not have to take the long route to get here?”

However, of concern despite the fervor and ground swell to “increase our territories” has been the lack of strategic follow-through. To-date, those who appear to be the greatest recipients of the generational wealth movement have been sellers of books and tapes. Simply put, substantial wealth building requires more than a weekend retreat...it’s about time.

Yes, we have Black billionaires such as Oprah and Bob Johnson, who built fortunes that rank among the Forbes 400. But, an intelligent review shows most of the Forbes membership either spent a lifetime building their fortunes, or in many cases built on the foundation left by their predecessors.

A solid wealth building strategy mandates that we value the one major component over which we have the least control...time. The most simplistic financial plan incorporates time as a key variable in terms of building an action plan.

Consider:

- An investor age 25 invests \$5,000 a year until age 55 at 8% return. This investor will contribute \$150,000 total. At 55 the investor will have more than \$550,000 total from the \$150,000 of contributions.
- Another investor, age 45 invests \$250,000 (or \$100,000 *more than* the first investor), gets an 8% return each year and leaves the money until age 55. At age 55 this investor will have *less than* \$550,000.

No better illustration is needed to support the financial principle, “time is money.” And no better place is there to begin to build generational wealth than the following:

1. Live within a budget or financial plan that provides for disposable income to invest
2. Own life insurance if you have dependents until your assets dictate otherwise.
3. If you have substance consult with experts in the areas of financial, asset or estate planning.

For additional resources to assist you with Wealth Building go to:

<http://www.hrtgroup.com/TheEmpowermentTools.html>