

## Financial literacy an important piece of economic empowerment puzzle

*by Marc\_H.\_Morial*

The National Urban League's economic empowerment agenda concentrates on four different areas - jobs, homeownership, entrepreneurship and wealth accumulation. If we ever expect to close the economic gap that exists between blacks and whites in the United States, our community needs to learn how to handle its finances. The success of the Urban League's agenda hinges heavily on how well people manage their money and make it work for them instead of the other way around.

That is why we expanded a partnership with Citigroup to bring financial education services to more blacks through our local affiliates. Initiated in 2004 and available in 13 cities as of now, the program has helped more than 3,000 people to date. It's just one of six different programs we've launched with several other partners - including Honda Financial, Freddie Mac, Allstate Corporation, the Investment Company Institute and Chrysler Financial. Altogether, more than \$2 million is being spent to beef up financial literacy in the black community through us.

The aim of our financial literacy efforts is to strengthen the social and economic fabric of the communities we serve through comprehensive result-oriented programs tailored specifically for minorities, who tend to possess less financial knowledge and financial market experience than whites.

We at the Urban League have long believed that financial education helps individuals overcome their reluctance or inability to manage their money to take full advantage of technological advances and product innovation. It equips blacks with the ability to sort through the myriad of options out there and tailor a strategy that will most effectively serve them in light of their needs and goals. Currently, nearly 40 affiliates have been directly involved in our efforts but every one has been touched in some way or the other. For example, our partnership with Allstate Corporation provides for the distribution of financial education materials to the entire affiliate network with no personal instruction.

As more and more blacks make more money, buy their own homes and start their own businesses, they will have more disposable income to invest in the future of themselves, their children and grandchildren.

It's not enough to get a job, purchase a home, start a business and take care of your children and their educational needs. We also have to think about building adequate nest eggs to carry ourselves through old age and to leave for future generations to build upon. Great wealth doesn't happen overnight oftentimes. It is carried down through generations. Our community needs to learn how to let money make money for us.

According to our 2006 State of Black America, the personal wealth of blacks is one-tenth of that of whites. And where blacks tend to concentrate the little wealth they have is in their homes: In 2000, 61 percent of their net worth was tied up in their homes, twice the percentage of whites, according to the U.S. Census Bureau. A mere 4 percent was invested in stocks and mutual funds, compared to 16 percent for whites.

It's painfully obvious that blacks are a lot more conservative than whites when it comes to investing money in the stock market, which when played wisely can reap great rewards. We go for the safe choices - our homes, which, given the housing market as of late, aren't always the most lucrative places to put our money in. We cannot hide from our finances just because they seem complicated and foreign to us. Blacks need to take the bull by the horns when it comes to their own financial education or risk squandering the nest eggs they're working so hard to build.

Where we also need to teach the value of financial literacy the most is with our children. On a financial literacy test of 4,000 high students conducted in 2004 by Jump\$tart Coalition for Personal Financial Literacy, blacks scored the lowest of all groups - answering 44 percent of questions correctly compared to 55 percent for whites.

The earlier we teach our children about the value of money and what it can do for them in the long run, the faster we'll close the economic gap. But we cannot expect our children to be more financially literate than we are. There's really no excuse not to take responsibility for our financial health and pass our wisdom and financial legacy down to our younger generations.

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