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Expert Wealth-Building Strategies for Black Americans

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Lee Baker, Lazetta Rainey Braxton and Dr. Preston Cherry offer actionable advice to grow wealth, set financial boundaries, achieve financial fluency and more.

The racial wealth gap in the U.S. remains persistent and widening. Recent data shows that the median wealth of white households is 10 times greater than that of Black households, a disparity that has been growing for decades. The reasons are multifaceted: systemic barriers to homeownership, higher debt burdens and historical exclusion from financial systems.

In a thought-provoking discussion, financial experts Lee Baker, Lazetta Rainey Braxton and Dr. Preston Cherry explored the roots of this inequality and outlined actionable solutions to build lasting wealth. Their insights provide a roadmap to financial fluency, wealth-building strategies, and the importance of balancing present enjoyment with future security. **Don’t miss out! Make sure to watch the video above.**

Understanding the Racial Wealth Gap

The disparity in wealth between white and Black households is stark. In 2022, Black families held $15 for every $100 held by white families. This gap stems from several factors:

- **Homeownership Disparities:** Black families are significantly less likely to own homes, missing out on a major source of generational wealth.
- **Debt Burden:** High-interest debt, including student loans and credit cards, disproportionately impacts Black households.
- **Labor Market Challenges:** Employment discrimination and lower wages contribute to lower overall wealth accumulation.

Financial Fluency Over Financial Literacy

Many propose financial literacy as a solution, but Lee Baker argues that the term implies people are “illiterate.” Instead, he suggests focusing on financial fluency—learning the “language” of money just as one would learn a new spoken language.

“We don’t feel bad when we pull out Google Translate while traveling. We need the same mindset for finance,” Baker explains.

Financial Planning as a Tool for Empowerment

Financial planning is more than just saving for retirement—it’s about creating financial wellness and wealth stability across generations.

Having an accountability partner—whether a financial planner, mentor or trusted adviser—can help individuals stay on track in their financial journey.

Lifting as You Climb – Building Generational Wealth

The concept of “lifting as you climb” underscores the importance of community wealth-building. However, Braxton cautions that financial boundaries are necessary to avoid being weighed down by those not ready to adopt a wealth-building mindset.

“Not everyone in your family may be ready for this journey, and that’s okay. Set boundaries and stay focused on the bigger picture,” she advises.

Entrepreneurship vs. Corporate Success

One common misconception is that starting a business is the only way for Black Americans to build wealth.

Dr. Preston Cherry challenges this notion:
“Not everyone is meant to be a business owner. You need to consider your capacity—financially and emotionally—before making that leap.”

While entrepreneurship offers independence, it also comes with risks. Thriving in corporate America can be just as lucrative if one strategically leverages promotions, investments, and career growth opportunities.

Practical Steps to Building Wealth

Regardless of career path, the experts recommend these key strategies:

1. Work Toward Financial Fluency

- Learn financial basics through reputable sources.
- Work with a financial planner.
- Use budgeting apps to track income and expenses.

2. Focus on Wealth Growth

- Invest early and consistently.
- Prioritize homeownership when feasible.
- Diversify assets beyond savings accounts.

3. Avoid Financial Scams and Bad Advice

Social media is flooded with misleading financial advice. Lee Baker warns against get-rich-quick schemes:

“There’s a lot of nonsense on TikTok. Just because someone sounds good doesn’t mean they’re right.”

4. Build and Protect Generational Wealth

- Have life insurance and an estate plan.
- Teach financial skills to younger family members.
- Set clear financial boundaries.

5. Seek Professional Guidance

- Work with certified financial planners.
- Join financial literacy groups.
- Continuously educate yourself on new financial opportunities.

Final Thoughts: Taking Ownership of Your Financial Future

The racial wealth gap is a systemic issue, but individual financial choices can help build wealth. By focusing on financial fluency, smart investing, and long-term planning, individuals and families can build and sustain wealth.

As Dr. Cherry puts it:
“It’s not about closing the wealth gap; It’s about growing wealth in your own household.”

Taking the first step today can lead to a more secure future for generations to come.