

T. Rowe Price Recommends Six Tips to Help Black Families Build Wealth

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The racial wealth gap offers a striking example of an area where there has been little progress over time. According to the Federal Reserve's 2019 Survey of Consumer Finances, the median net worth of Black families was \$24,100 compared with the median net worth of \$188,200 for white families. These numbers illustrate the long-term effect and economic impact that several hundred years of systemic racism can produce.

Retirement savings and homeownership are two asset areas where the racial wealth gap is most pronounced. T. Rowe Price's 2021 Parents, Kids & Money Survey found that only 40% of Black families have money saved for retirement, compared with 62% of white families. The survey also found that only 54% of Black families own their own homes, compared with 87% of white families. Additionally, white parents are more likely to benefit from intergenerational wealth as family contributions help toward home purchases and higher education costs.

However, one bright spot free of racial disparities is the percentage of families having money conversations with their kids. T. Rowe Price's research has found that kids whose parents regularly discuss money with them are more likely to develop strong financial capabilities in adulthood. Of Black parents, 63% regularly discuss saving with their kids, compared with 58% of white parents.

While most families have a multitude of competing financial priorities, saving even small amounts can have a huge impact on the ability to cover future expenditures, build wealth, and prepare future generations. T. Rowe Price recommends these six tips to help Black families build wealth and plan for future goals.

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