

Wealth in Black America



Shundrawn Thomas is senior vice president and head of Corporate Strategy for Northern Trust. He serves on several committees to ensure strategic alignment across business units and supports the Management Committee's strategic planning efforts. Shundrawn holds a bachelor's degree in accounting from Florida A&M University and a master's degree from the University of Chicago Graduate School of Business.

Last summer, Northern Trust conducted the groundbreaking "Wealth in Black America" survey. *Wealth* spoke with Shundrawn Thomas about the results and what they reveal about this growing millionaire market.



In 2007, on average, affluent Blacks donated \$35,400 to religious organizations or charitable causes, according to Northern Trust's "Wealth in Black America" survey.

"Since we knew anecdotally that there's a higher attendance at churches and other religious organizations among the Black community, we predicted that they gave a lot, as well," says Shundrawn Thomas, senior vice president and head of corporate strategy for Northern Trust. "But we weren't expecting it to be quite so much."

According to Thomas, that's just one interesting finding from the July 2008 survey of wealthy

Black American households. The study's objective was to identify and interpret the financial habits, expectations and attitudes of this growing market.

The survey, which will be conducted regularly, came in response to the changing faces within the millionaire market, Thomas says.

"As an institution, we pride ourselves on the rich heritage we've built over the last 120 years working with wealthy families and individuals," he says. "To us, this study was a natural extension of that heritage."

The inaugural survey focused on four main categories: the use of advisors, financial

planning and investing, charitable giving, and interest in financial education programs.

The Generation Gap

The results, which were released publicly in September at the 2008 DreamMakers' Forum, show that each generation within the Black demographic is significantly different than the next in several key respects.

"Going into the survey, we knew that there were a few things entirely unique to this market," Thomas says. "But we didn't expect to find such differences between the older and younger generations in certain areas."

Charitable giving was one area where those differences were apparent. According to their responses, the primary goal affluent Blacks hope to accomplish through their charitable giving is to support a cause in which they personally believe. And the majority of respondents believe it is far more important to con-

and future generations. Approximately 80% said they're concerned with ensuring that the next generation of family members will lead productive, meaningful lives amidst affluence, and that they will pass on family values. Less than half of Boomer and Silent generation respondents said they're concerned about how their heirs will use their affluence, and only 37% worry about upholding values.

Generational differences were also found when respondents were asked about their financial advisors. Nearly half of those surveyed said they frequently rely on advisors versus other sources of investment advice, but members of the younger generations use different resources for investing information and for different reasons than older generations.

"We found that Generations X and Y are more likely to consult with online sources," Thomas says. "And when they do turn to their advisors, they're more likely to let their advisors make most or all of their investment decisions."

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tribute during their lifetime than to leave money in their will. In fact, 62% prefer to contribute during their lifetime, compared to only 3% who prefer to give money away through their will.

While they shared a similar view toward the importance of giving charitably, Generations X and Y (ages 18 to 42) differed significantly from the Boomer and Silent generations (ages 43 and older) in the amount they gave to charitable organizations in 2007. In fact, 53% of those within Generations X and Y donated \$50,000 or more, while only 10% of the older generations did the same.

Cause for Concern

Another key finding was that young affluent Blacks are more worried about wealth preservation than their older counterparts. Three in four Generation X and Y respondents said they're concerned about preserving their wealth, while less than half of respondents in the Boomer and Silent generations shared this concern. Generation X and Y respondents are also more worried about how their wealth will affect their children

The results also show that affluent Blacks want to be understood by their financial advisors, but only 38% feel that their advisors' ability to relate to their race or ethnic background is "extremely" or "very important" when choosing a principal advisor.

Like most other wealthy households, affluent Blacks seek advice when it's needed, Thomas says, but feel strongly about developing a mutual understanding with their advisors.

"As this market continues to grow within the U.S., these surveys will help to broaden our understanding of Black Americans' financial preferences and attitudes," Thomas says. "And the more we understand their wealth management needs, the better our products and services can serve them, now and in the future." ■

The 2008 "Wealth in Black America" survey was conducted online. It polled affluent Black individuals who are U.S. residents, at least 18 years old and who had either \$250,000 or more in household income in 2007 or at least \$1 million in investable assets.