

## Episode 33: What's the best way to build generational wealth for my family?

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Many of us would love to create generational wealth for our family, but that desire can leave us feeling overwhelmed. Our guest this week, a 39-year-old woman from the Bronx, recently purchased her first home in the Atlanta suburbs after struggling with the grief of losing loved ones during the pandemic. She now grapples with how to secure her own financial future, while also building an inheritance for her children. For help, host Stefanie O'Connell Rodriguez speaks with author and personal finance expert Kiersten Saunders about the difficulties of balancing personal financial needs with the dreams of leaving wealth to our family.

**Jeannette:** My parents came to the United States in the 1980s, and they struggled for a very long time to get their footing financially. When I was about 12-years-old, they were able to purchase their first home and that changed our lives.

**Sandra:** I'm the daughter of immigrants and my starting salary was maybe five times what my father ever made. There was a lot of guilt that came with that.

**Stefanie O'Connell Rodriguez:** This is Money Confidential, a podcast from Real Simple about our money stories, struggles and secrets. I'm your host, Stefanie O'Connell Rodriguez. And today our guest is a 39-year-old, first-time homeowner from the Bronx who we're calling Viola—not her real name.

**Viola:** I grew up in the Bronx, New York. Up until recently I lived on the same block in the same two-bedroom apartment my entire life. When I was in my junior year of high school my mom was diagnosed with MS. So, when I went to college, we made the decision that my brother would move back from Georgia to New York to take care of her, I would stay in college, and then when I finished college I would come back and would reassess the situation. In reassessing the situation, I thought it was best for me to continue to stay with her until her passing pretty much. So, that was about 14 years.

**Stefanie O'Connell Rodriguez:** Can you talk me through a little bit of that time?

**Viola:** So, I was working, and I was just kind of going through the motions pretty much. And then in March of 2017, we decided to part ways, myself and the company. It just had gotten to be too much. And I couldn't give them a hundred percent.

So, I wasn't working. My husband was the sole provider for my immediate family, which included me, my husband and my son.

When my mom passed, it was kind of like, "Okay, I have nothing left in New York." My dad was still here. Unfortunately, he had developed dementia so I had ended up putting him in a nursing home.

So COVID Happened. My dad died. Then about two or three weeks later we found out my husband's father passed away. He died of COVID.

Then about a few weeks after that the pastor, who I grew up under, who married me and my husband, who christened my son, died.

Then a few weeks after that, a woman that I was very close to, who was like a second mom, she died of COVID. And I don't know if you know what New York City was like when COVID occurred, but it was like the walking dead. So no one was on the streets. It was a very depressing time to see a city you grew up in your whole life, be so vibrant, so much fun, so intense, to almost just be bleak in a moment's notice.

And I said to my husband, I said, "Yeah, I'm done. I'm done. I don't know how we're going to do it, but we got to get out of here." At that point it was just too much for me. And to not be around family, it just heightened the situation.

**Stefanie O'Connell Rodriguez:** That's a lot of grief.

**Viola:** In the black community, it's kind of like, "Yeah, this is going on, but this is still my focus. This is still what I'm looking to do." You don't have the opportunity to kind of grieve or feel or even decompartmentalize.

You don't even have the opportunity to break down your emotions and deal with them. It's just kind of like, "Let's move on to the next step."

**Stefanie O'Connell Rodriguez:** The impact of COVID highlighted the importance of household wealth for families all across America managing the financial shocks of job loss, illness and unexpected death during the pandemic. COVID also brought many chronic wealth inequities to the surface. As Viola alluded to, [Black households hold just a fraction of the wealth](#) of white households as a result of centuries of discriminatory policy, leaving them in a much more fragile financial situation when crises, like COVID, strike.

**Viola:** I knew I wanted to move, but I really didn't have the means to move. And part of me dealing with grief is kind of shutting down. So, I would get mail for my mom all the time and I would either just write "return to sender," "person is deceased," or I would just throw it in the corner.

But then one day I got this letter from this company and it looked different. So, it pretty much was a final notice like, "Listen, you have this money. And we're going to kind of send it to the comptroller of the state you live in if you don't do something." So, I'm like, "Well, what money? What money could I possibly have?"

So, I call the company and they're like, "Yeah, your mom had a life insurance policy." And it was a six-figure life insurance policy."

So, then that left me with a large six-figure inheritance.

So, once I had that in September, I was like, "Oh, I'm out of here. I'm done." I feel like, "Thank you, Jesus. Thank you, Mom. Thank you, Dad. Thank all the angels." You know how we do. We just thanking everything. Thanking the atmosphere, the energy, everything. I'm like, "Oh yeah." So, when that occurred, I took some of the money. I paid off my credit cards. So then October comes and my brother's like "I think you should just apply for a mortgage." And I'm like, "Son, it ain't happening. We ain't there yet. Mm-mm (negative)."

But I ended up getting approved. And it was for a FHA loan.

**Stefanie O'Connell Rodriguez:** An FHA loan is a government-backed mortgage insured by the Federal Housing Administration with lower minimum credit score and smaller down payment requirements than many conventional loans—making them a popular choice for many first time homebuyers. Once Viola got approved for an FHA loan, her brother and sister-in-law started house hunting for her in the Atlanta suburbs, while she was still living in New York.

**Viola:** They find this house. I love the house over Zoom. We put an offer in. And it was rejected. So, I'm like, "Okay, this ain't meant to be. I'm done. I'm done." So, my brother's always talking me off the ledge. So, he's like, "No, no, no, no, no. But I think you need to come down and figure it out."

So then my sister-in-law sent me two houses. And she was like, "I think you should just look at these two houses." And I'm like, "Sis, this is over the price range I gave," because in my mind I wanted to stay at the same monthly amount that I was paying in New York.

I was paying a little over \$1,100 for a two-bedroom apartment, which anyone listening to this knows, you don't find those types of situations in New York.

So, coming down here, I'm like, "I don't even want to pay \$1,100 in this mortgage, not realizing your monthly payment comes with so much more than you just paying the principal and the interest. It comes with the taxes. It comes with insurance. If you live in a HOA, you have to pay that as well too. There's so many more fees that come with buying a home than renting. So she sent me these two houses. And they were above my budget that I gave, not necessarily my realistic budget.

I just fell in love with this house. It's a four-bedroom house, three floors, and I have a backyard and a covered patio. So, it's definitely more than I've ever experienced in my 39 years.

And I'm grateful for it, but I also feel like when I sat down to sign the paperwork and purchase the house I should have stuck to my guns of putting down 20% and not just the 3.5 that you're delegated to do by the government.

**Stefanie O'Connell Rodriguez:** While FHA loans allow down payments as low as 3.5 percent, they do require the borrower to pay mortgage insurance premiums to protect the lender's financial interests in case of default, which can add up to thousands of dollars in additional costs over the life of the loan.

**Viola:** I don't necessarily regret buying the home, so to speak, but more so the process in which I took. So putting 3.5 percent down, the amount of interest the banks are making off of me, it's astronomical than if I would've put the 20 percent down. So, in hindsight, I'm conflicted sometimes because when I think this way, I'm like, "Well, it's almost like you're not thankful for the blessing." And I'm thankful for the blessing, but I'm like, "Could I have done this a little differently so that I'm not paying so much out every month because my situation has changed?"

Now, mind you, I have done hefty renovations in my home. So, that additional money that I didn't put down as a down payment, I was able really to make a good chunk of my home my own. However I could have just saved money and just did what I could do as I went because I don't plan on going anywhere.

As a true new Yorker, I always have a plan B like, "If this don't work out, how can I get out and get the biggest bang for my buck?" So, I redid my entire first floor. I redid all the bathrooms in my house. I redid my kitchen. So, I know all that brings value. I know that all is going to increase the value of my home, but then now I'm like, "What's next? What should I do next? Should I refinish my basement? Should I add a third bathroom? Both of my neighbors on each side of me have a pool. Does it make sense for me to install a pool?"

I bought this home with the thought process of family. And by the time I'm ready to retire I would prefer to keep it as a family home and give it to my son.

**Stefanie O'Connell Rodriguez:** If you're going to be there for 10, 20-plus years, it does feel like maybe what is going to drive the best assessment of value is how you actually want to use it and live in it, as opposed to what's going to make it at the top of the market.

**Viola:** That makes complete sense. But I'm also a what-if kind of person. I'm always thinking of, how can I get the most out of my investment. That's always top of mind for me. So even if I never planned to leave here, I would still always be thinking, "How can I get the most out of my investment?"

I love my house. Outside of my son, it is my pride and my joy and something I'm thankful for. And I'm just like, "All right, girl. You did it. Go, girl." Because little old me from the Bronx who grew up in the hood, now has a \$400,000 house. I have two cars. I have a nice job. It's almost like I made it.

But part of me feels like this is still very surreal. It's still fairly new. Part of me always wanted this, but part of me also felt like it wasn't in the cards.

This is the-auntie-who-made-it-out house. You know what I mean? This is, "Oh, I go down south and spend time with my grandmother." You don't necessarily see yourself in that space. But every now and then I'm like, "I did that." And I'm just thankful for both of my parents they had those financial goals. And they knew what to do in order to make sure that me and my brother were more than taken care of when they could no longer be here. So, I'm grateful, specifically to my mom, for that.

**Stefanie O'Connell Rodriguez:** And is that a legacy you hope to leave to your son?

**Viola:** Oh, absolutely. And at times I'm probably a little too hard on myself trying to leave that legacy for him. And I'm just very happy that I was able to give this gift because it's not only a gift to me from my parents; it's a gift from me to my son.

**Stefanie O'Connell Rodriguez:** There's a term for the legacy Viola is so committed to maximizing from her parents and leaving to her son—generational wealth—the assets that get passed down from one generation of family to the next and facilitate opportunities for future generations—like graduating from school without the burden of student loan debt, or inheriting property, which still serves as a cornerstone of wealth for many Americans.

This kind of financial legacy is not only meaningful in terms of numbers on the page, but also in terms of what it facilitates, including help with many of the challenges Viola herself has had to navigate in the past—from caring for ailing family members to losing income to managing debt.

And now that Viola has been given this opportunity, the feeling of responsibility to fully maximize it and pass it down and leave a legacy for future generations, can be overwhelming in and of itself. So after the break we'll talk to a financial expert about both the importance and the pressures of building generational wealth, and how Viola, and anyone else, can navigate their next steps.

**Kiersten Saunders:** My name is Kiersten Saunders, and I'm the co-founder of richandregular.com, where we talk about money.

**Stefanie O'Connell Rodriguez:** I think when we talk about wealth it gets framed as this very individual thing, like my net worth. But in practice, I think wealth and money is just a lot more messy than that.

**Kiersten Saunders:** Yeah, I definitely think this is kind of a source of tension when we talk about wealth building, whether it is this individual responsibility or more of a collective one. I think in communities of color, our experience is that it is very much a collective opportunity and challenge. And so the closeness to generational wealth and the closeness to community in the pursuit of wealth building is something that's more tangible for us than in other communities.

In my own life, it's the source of a lot of ideological conflict, because I'm constantly having to choose whether or not I'm going to dedicate dollars to something that I know will advance my family's goals or my individual wealth-building goals, versus reaching back and helping out with others members of the community or in some cases, members of my family who don't have the same ability or access to do what I do. There are times where it leads to this moral distress, this feeling of powerlessness, because I am trying to balance two very real objectives with a single tool, which is money.

**Stefanie O'Connell Rodriguez:** So what does that wind up looking like? How do you negotiate your way through that?

**Kiersten Saunders:** For me it's creating a repeatable decision-making process. And so it is literally bringing all of the trade-offs that we make in our financial lives to the forefront. And it's asking myself a series of questions whenever I'm faced with a crossroads of whether to spend my money here or here, that considers my goals, but also balances them against my values. And so, for example, my mother-in-law is what you would call financially insecure. She needs support from us and we have to decide in which ways we're going to support her. And right now that looks like we subsidize her housing costs.

We pay a certain amount of money towards her rent every month. And in making that decision, I had to balance what that additional \$1,200 was going to mean in my house that I would be allocating to her, what that was going to impact in our goals versus what it meant to have a mother-in-law whose mental health was improving because of her environment and who was able to be comfortable in the golden years of her life.

So it's a case by case decision. I wish I could say I had like this magic tool that scales to all, all conflict and all decisions, but it's work.

**Stefanie O'Connell Rodriguez:** And I think that's a really important point this isn't some kind of calculation we can just plug into an Excel spreadsheet and get an answer.

**Kiersten Saunders:** I think it all boils down to the same thing that makes you a great investor is being able to keep a long-term perspective, recognizing that there are seasons in our lives that come with periods of intensity, but they typically don't last forever.

This is just part of my story and it's probably a necessary part. Like I always feel like the downtimes and the tough times give you the perspective to be able to fully appreciate the fullness of the good times, because now you have something to compare it to.

**Stefanie O'Connell Rodriguez:** It's interesting you say that because part of this listener story was putting so much pressure on herself, around every single decision she's now making, because she's like, well, if I didn't optimize this house-buying process, or my relocation process in the most optimal way, then I'm doing a disservice to the legacy my mom left me.

**Kiersten Saunders:** If I were in that position where I had received the gift of a death benefit from someone that I loved and was able to make a life-changing decision, like moving somewhere different and starting over and really focusing on my healing, that's the story I would tell. It's not about optimizing.

It's not about figuring out how to make the most of this money and make this money live on, that money is meant to be a steward to your healing. And it sounds like you're doing the right thing. It sounds like your mom is supporting you in that effort and it's okay to just stop it right there.

It is hard. Math has a certainty and that's very easy to just follow a list. Boom, boom, boom, boom, boom. Do these things. You're rich. Yay. But the work is actually feeling free and making sure that your money is doing what it's supposed to do in your life.

Her story sounds a lot like my husband's who grew up in Brooklyn in the eighties. And we always say that your earliest money lessons are learned and not necessarily taught.

They're just learned from being immersed in an environment that may or may not be beneficial to your wealth building. And so for a lot of people, when they're starting to take more control over their money, more control over their story. Starting to really work on wealth building, the process is unlearning.

You're not learning anything anymore. You are actually unlearning some of the stuff that has prevented you from making the progress that you wanted to see before now, and kind of reworking your story to figure out what you need to do differently to go forward.

**Stefanie O'Connell Rodriguez:** I'd love for you to share if you are comfortable with it, what some of that unlearning looked like for you in your life.

**Kiersten Saunders:** So for me I grew up very differently. I grew up in a two-parent upper middle-class, middle-class suburban household here in Atlanta. And so I actually had a lot of great examples of black wealth, very early in my life. And it was coupled with also having a deeply religious background.

So my mom raised us in the church. And I was at church several times a week, like a lot of black Southern kids. And I learned very powerful concepts, like abundance and faith early on. And so my money mindset was very much like there's more where that came from. There's plenty out there. Like not only is money abundant, but my piece of the pie is also abundant.

And so I had to unlearn what abundance looks like and what it feels like in a financial sense, where you still believe in there being plenty, but not spending as if there aren't boundaries and like there aren't actual constraints and budgets.

**Stefanie O'Connell Rodriguez:** Well, and the other piece of this is in a marriage or any partnership, any relationship, especially when you're building wealth together, you have to reconcile your own stories and your own traumas and your own unlearning. So what did that look like for you and your marriage to both be coming from these very different places and getting on the same page?

**Kiersten Saunders:** It was touch and go for a minute because my husband had the opposite issue. He was very tight with his money and worried about it always running out. And so he was very much afraid to spend. And so what it looks like, our version of teamwork, is that he helps remind me of saving and making sure that we plan for money to not always be consistently coming in at the same rate for the rest of our lives. And I help him spend more and enjoy, use money as a tool to improve the quality of our life today. And so it's a lot of conversations, but we've normalized talking about money, the same way we talk about a number of other subjects.

**Stefanie O'Connell Rodriguez:** Have you ever had a situation where you see some of your past economic trauma or your husband's economic trauma playing out in a way, especially in relationship to your child and worrying about how that pops up?

**Kiersten Saunders:** Yes. Yes. That's a big question. So yes, all of our old patterns tend to come out either before we hit a milestone or right after it, because achieving a financial milestone actually makes you rethink what's possible. And for him it triggers you know, he's waiting on the shoe to drop.

He's waiting for the bad news that comes with, like, we're going to lose it all. And I am like, okay, well this just proves that more is possible. We should ratchet up our spending and our goal setting because clearly we were able to achieve our goals. So that's one way it shows up. But raising our child is a totally separate situation that is now coming up because he just turned four.

And he's now at the age where we have the option to enroll him in extracurriculars, choose whether he goes to a private school or a public school. And this is kind of where the extra expenses come in. And we're having to have conversations because a lot of the things that I'm used to and the things that I'm suggesting that we budget for are things that he never experienced something like an after school care.

He was a latchkey kid, so the idea that he would go somewhere else after school to do something fun, even little things like swim lessons that come with a price and summer camps and vacations. Like these are all discretionary expenses that we're having to have individual conversations with one by one, as we're making them.

**Stefanie O'Connell Rodriguez:** How do you imagine you will have your child involved in some of those conversations?

**Kiersten Saunders:** He now understands that money that we work, so that we can have money to buy things and to experience things. And with his fourth birthday, he got his first set of birthday money that we let him actually have and spend. And he was able to see that like, oh my gosh, I can buy things with money. And so now he's very into buying things with, with money. So involving him into the larger decisions that have bigger financial implications is something that we haven't done yet. But it's probably something that we need to think about for sure.

**Stefanie O'Connell Rodriguez:** Do you feel like you have to create wealth for your son? Or do you think of that as something that you need to give them the tools so he can create his own.

**Kiersten Saunders:** It's a little bit of both. I think my first obligation is to take care of me and my husband, so making sure that our traditional retirement is fully funded and set up, and that we have estate planning and all of the things thought of for our lives, but I absolutely feel the responsibility to give him a head start. I feel like I need to give him every unfair advantage possible because we're playing catchup.

Like, he's not coming from several generations of financially secure family members. He will likely be the first in our family that comes into a lifestyle where he has a cushion immediately. Like as soon as he's 18, he'll have this life cushion and should something go wrong, he doesn't have to worry about how he's going to survive it.

**Stefanie O'Connell Rodriguez:** I think that's also some of the pressure that our listener is feeling, receiving this blessing from her mother but then also part of the pressure to optimize it so much is not only her gratitude for it, and this idea that she doesn't want to waste it, but also that she has to set it up for her son.

**Kiersten Saunders:** That's not uncommon. I understand that logic, but I would recommend that she take a more holistic approach to wealth building.

There is an aspect of generational wealth that is strictly around financial capital, but there's also a social aspect. There's also a spiritual aspect. There are a lot of factors that go into whether or not your son or your child is set up to do well as they grow older. And so I would not assume that the house is the thing.

Like it could be it could be something else. I just wouldn't put all of my eggs in that one particular asset class and basket as like the thing that is going to guarantee generational wealth for your child. There's a lot of different means and mechanisms for you to pass on wealth in this century.

And this is a great opportunity for her to start to look at those things and start to build a path that protects the asset she already has, but also allows her to participate in some of the newer investments and the growth areas beyond just real estate.

**Stefanie O'Connell Rodriguez:** You know, you talked before about thinking more holistically and that applies to wealth itself too, right?

**Kiersten Saunders:** Yeah. I think one of the things that helps me when I'm at a decision crossroads, especially when it comes to my child, is to ask myself, what do I hope my child learns from seeing me do this thing?

Let's say I've got \$9,000 and I can decide to upgrade the bathrooms or I can decide to maximize some tax advantaged accounts. The question that I ask myself is, what do I hope my child learns as he's watching me do these things?

And in one of those answers, I typically get clarity. Like if I were to choose option B, which is maximize tax advantage accounts, my child gets to see that I was thinking about his future and I was protecting our assets and I was creating safety nets. I was doing that on behalf of our households. Or he could take away that, you know, mom wasn't afraid to get her hands dirty,

and the tile in the bathroom was awesome, and she enjoys giving me baths every night. I don't know, but like, that's kind of the approach that she needs to take. If you're going to make the decision about your child, then make sure that he's at the forefront when you're actually deciding.

**Stefanie O'Connell Rodriguez:** I'd love for you just in your own words to share how you define generational wealth.

**Kiersten Saunders:** I would define generational wealth as the lifetime access to capital—and it's all types of capital, not just financial, social capital, spiritual capital, intellectual capital, how much access you've had to that over your lifetime.

**Stefanie O'Connell Rodriguez:** How do we make sure we're thinking of thinking about this holistically in the way you've just defined it, on a day-to-day level, because I think it really winds up shifting so much to the money side sometimes.

**Kiersten Saunders:** Yes, we have to remember that money is just an exchange of value. And so it really goes back to doing that inner work of figuring out what lessons, what assets, what stories, what experiences that you can pass on to your children and to those that come after you, that aid them in their wealth building beyond just the dollars and cents the dollars and cents are important. But so is the perspective and the wisdom.

And we're at a point now where we need perspective. We need young people who understand what's at stake here and what prior generations have been through to get them to the point where they're at.

And so part of the message is like not just giving your child the gift of financial capital, but also making sure that you're instilling in them lessons, perspective, and wisdom to help them be better stewards of it.

**Stefanie O'Connell Rodriguez:** As Kiersten mentioned, creating and passing down a legacy of generational wealth can come with many tensions when you're one of the first in your family and community to have the opportunity to do so. But as Kiersten also mentioned, it's important to step back and take a long-term view, and remember that wealth isn't only for optimizing, but also for enabling space and time for healing and care, especially after the decades of hustle and years of loss Viola has recently experienced.

Because generational wealth isn't strictly about financial capital, it's also about social capital and spiritual capital and community capital. And a more holistic approach to wealth building sometimes means taking the opportunity to care for ourselves.

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