



Investing in the Next Generation

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In this episode, Rendel Solomon, managing director at Muller & Monroe Asset Management and founder of One Stock One Future, joins our moderator, Hugo, for a conversation on Rendel's family history, his "One Stock One Future" initiative, which aims to turn 1 million underprivileged young people into public company shareholders, and the widening racial wealth gap.

Rendel's comments are edited excerpts from our podcast, which you can listen to in full below.

https://media.blubrry.com/the_active_share/b/content.blubrry.com/the_active_share/The_Active_Share_Rendel_Solomon

In your TEDxChicago talk, "Sharecropper to Shareholder," you talked about how your success started with your great-grandparents. I'd love to hear about that.

Rendel: Sharecroppers were plantation workers, mostly African-American, in the southern United States post-slavery. Individuals who were unfortunate victims of that institution had to find a new way to live, and those who owned those slaves still needed labor. So they created a system whereby slave-owners would continue to keep these individuals in servitude by having them work on the plantations. Although it was arguably a better condition than slavery, it was still a condition of indentured servitude. My great-grandparents and my grandmother were sharecroppers.

How has that inspired you?

Rendel: It's a story of hope, empowerment, and opportunity. The system I grew up in did not predict that I would achieve the successes I've achieved.

Despite these challenges, you and your two sisters went to college. Your parents must have been strong, disciplined, and forward-thinking.

Rendel: My mother recognized that an education was one of the greatest tools that we could have. But I don't recall her discussing the fact that education does not guarantee success. That is where I continue to learn and study and listen to others.

But you also say, "Do not confuse the success of a few with the plight of the many."

Rendel: By all predictive measures, the odds that my mother would be able to get three children through college and one through grad school were astronomical. You'd hit Powerball twice before that happened.

When those success stories happen, they're seen as possibilities. But on the negative side, it begins to absolve the so-called system of its responsibility.

So I think it's important to address external factors that could have a negative impact on young people growing up under challenging circumstances. I believe it would be a gross misuse of the sacrifices my grandparents and parents made if all I did was prepare young people to enter a world in which opportunities are less available to them than to peers who don't look like them.

That's a good transition to the "One Stock, One Future" program. Could you tell me what inspired it?

Rendel: I found myself educating and mentoring small groups, and I asked myself how many more groups of 10 kids would need to be educated before we could see a real impact in terms of their views, their ability to manage money, or their community's ability to manage money more broadly.

Around the same time, I bought my eight-year-old niece some shares of brands I knew she recognized. I told her she owned everything in the store. She asked if she would get free stuff. I said, "That's not exactly how ownership works, Kaydence." And then she asked, "Do I make money when people buy stuff?" And I said, "You kind of do. Let's discuss that further."

Combining these two things, it occurred to me that what we've done with education is said, "Hey, young people. Sit here and listen to us adults tell you what you're supposed to know." We do that until they're 21 years old, and

then we say, “Now, go out in the world and be adults.” Have a job, pay your bills, drive a car, pay your taxes, have families, raise other kids. But there’s not been a single class about those things.

That’s where I got the idea for “One Stock, One Future.” If we give a young person a share of a public company and say, “You now own that company,” what might that spark in these young people’s minds?

You want to turn 1 million young folks into shareholders in public companies. What are the obstacles?

Rendel: When I do workshops, I donate \$20 worth of stock to each kid in the class using money that I raise through a fundraising campaign. I then email a gift certificate to each of the families to go open an account.

Unfortunately, many of those gift certificates are not redeemed, and I don’t have a staff to make follow-up phone calls. So how do we go from teaching a class to young people to getting their parents onboard? The parents have to be connected to the child’s bank account, and many of the parents don’t have bank accounts.

I have a college degree, a graduate degree, and I work in financial services. When I was first looking to open a brokerage account for my niece, the minimum was \$2,500. If you didn’t have \$2,500, you couldn’t invest. And if you can’t invest, you can’t grow wealth.

When you put barriers in place that prevent groups of people from participating in the system to create wealth, institutional racism rears its ugly head. It doesn’t always come in the form of men in hoods burning crosses. It comes in the form of denying opportunity.

What is the solution?

Rendel: Maybe it’s not a nonprofit organization. Maybe it’s a campaign. Maybe it’s a slogan. Maybe it’s a movement.

I’ve thought about partnering with a corporation. I’d say, “Guys, I want you to help me turn a million youth into public company shareholders.” And the company says, “Great. We’re willing to donate a thousand shares of stock to give away to young people.”

Another idea is working with the adults as well. If I can inspire them through my social media, through podcasts, through a book that I’m working on, then that’s really the path to get this movement of a million young people becoming shareholders.

How do kids in the program think about companies? I’d love to know more of the brands they like and don’t like, and what their values are.

Rendel: I want them to have the conversation, so I throw out a few different industries—airlines, cell phones, video games, cars, fast food—and ask the kids to yell out companies they know in that industry.

I then break them into groups to talk about which company they want to own and why. I ask them to give three reasons they’d like to own that company. I tell them not to worry about the financial metrics.

The reason my niece gave me for why she wanted Starbucks stock was, “My mommy buys coffee from there all the time.” That happened with every company. This is my favorite airline. Those shoes suck.

One answer I got was Google. The kids said, “Google is everything.” Which, by the way, would be an awesome slogan. Google created a company that’s literally everything. There’s not a day that goes by that one does not interact with Google.

How do they think about which companies are doing good things and which companies are doing bad things?

Rendel: Owning stock inspires conversations around ethics. Let’s pick on Starbucks again. There was an incident a few years ago where two African-American men were arrested in one of their stores for supposedly loitering. My niece is now a shareholder in Starbucks, so I can say, “Kaydence, what do you think about your company’s decision to do this?” That’s a conversation that probably many of her classmates are not having but should be.

Why is there such wide inequality in incomes by race and why is it for some parts of society getting worse?

Rendel: There’s clearly a correlation between the level of income you can generate and your ability to use that income to build wealth. But addressing the income gap will not address the wealth gap.

Simply bringing people to parity on income today will never fix, particularly for blacks in America, 400 years of extraction of value and denial of opportunity. It cannot. It will not.

Darren Walker, president of the Ford Foundation, says in a *New York Times* article: “If we, the beneficiaries of a system that perpetuates inequality, are trying to reform this system that favors us, we will have to give up something.” This idea of giving up something is going to be uncomfortable. It hurts people.

That’s a powerful aspect of closing the wealth gap. Does it mean we stop going to school and working hard and trying to have a good job and trying to start a business and trying to buy real estate? It does not. We have to keep doing those things. But unfortunately, they’re not sufficient.

How do you enable financial opportunity? Are there some easy wins?

Rendel: There are some low-hanging fruit. I mentioned one of them—lowering the amount you need to invest. And crowdfunding gave individuals who did not necessarily meet the accredited investor standard the ability to invest in a private enterprise. But in order to get some of those smaller wins, data comes in handy.

What kind of data?

Rendel: A Knight Foundation study talks about how about 98.7% of \$70 trillion is managed by large majority-owned organizations, and that less than 2% is managed by diverse organizations, which includes women and people of color. For anyone looking at that piece of data to somehow assert that that lack of distribution is based primarily on the talent and efforts of the people in those communities is preposterous.

Is entrepreneurship one way of changing this? Do role models beget entrepreneurs who beget more role models?

Rendel: Having role models creates a sense of hope and possibility. But it's not enough. It doesn't help with the external opportunity set. Blacks come out of college with more student loan debt. They don't get paid the same when they get the jobs. The disparities brought about by institutional racism, that's where the compounding unfortunately has continued to happen.

Addressing the income gap will not address the wealth gap. Simply bringing people to parity on income today will never fix 400 years of extraction of value and denial of opportunity.

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