AGF RESEARCH · FACT-CHECKED · 2026

The Black Tax Ledger.

What supporting home actually costs.

Every business keeps a ledger. The single largest recurring payment in millions of diaspora lives — the money that goes home — is the one nobody writes down. This report writes it down: **what it costs over a working life, what it measurably buys, and how to run it on purpose** instead of by guilt and drift.

1 : 4	15→60	$90k	$305k
one sender abroad, four people supported	% of your income that is % of their household income	cash sent — $250/month over a 30-year career	what the same payments would have compounded to

THE LEDGER — $250 A MONTH, FOR A 30-YEAR WORKING LIFE

Cash that left your account 360 transfers of $250	**$90,000**
Lost to transfer fees along the way at the 8.78% average cost of sending to sub-Saharan Africa	**≈ $7,900**
What the same payments would have grown to, invested at 7% a year the standard retirement arithmetic, applied to the black tax	**≈ $305,000**
The invisible line: compounding foregone the difference between what you sent and what it could have become	**≈ $215,000**

The black tax is paid twice: once in cash, and once in the compounding the cash never did.

Fig 3 — The lifetime account. Our own arithmetic, stated in full in Method & Limits; illustrative, not a prediction.

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01 · The Short Version

Somewhere between a duty, a tax and a love language sits the money that goes home. It is the payment that never appears in a budget spreadsheet, is never discussed at the salary negotiation it silently halves, and never stops. This report treats it the way the sender's bank does: as a series of transactions with a lifetime total.

- **The ratio is one to four.** Roughly **200 million migrant workers** send money home, and about **800 million people live on it** (IFAD). The average sender is a small pension system with no actuary.
- **The leverage is 15 to 60.** Migrants send about **15% of their income** — typically **$200–$300 every month or two** — and that money makes up about **60% of the receiving household's income**. The same transfer is a line item to you and the roof to them.
- **The lifetime bill is paid twice.** Our worked example: **$250 a month for a 30-year working life is $90,000 in cash** — and about **$305,000** if the same payments had compounded at 7%. The black tax is paid once in money and once in the **~$215,000 of compounding the money never did**.
- **Plus a third payment to the pipes.** At the **8.78%** average cost of sending to sub-Saharan Africa, roughly **$7,900** of that lifetime total goes to transfer fees.
- **And it is levied on a discounted salary.** Paid from pay packets already carrying a **26.1% earnings gap**, after host-country rent — while the sender's own retirement is, in account after account, the line that goes unfunded.
- **The credit side is real and measurable.** Across 122 developing countries, remittances raise school enrolment (girls' most of all), cut child mortality and stunting, and lift health spending. This is the most effective development programme Africa has — run out of the diaspora's payslips.
- **South Africa named it, and measured it:** around **70%** of working Black South Africans experience or expect the black tax, and **44%** of households support multiple generations.

The goal of this report is not to talk anyone out of paying. It is to move the black tax from the part of your life run by guilt to the part run by arithmetic — because only one of those two managers ever lets it end.

02 · The Word Itself

The term *black tax* comes from South Africa, where it names what the first generation of Black professionals discovered on payday: a salary that arrives pre-committed. Support for parents whose pensions apartheid never allowed to exist, siblings' school fees, a cousin's rent — obligations that white colleagues on identical salaries simply did not carry. The average Black household supports more people on the same income, and **one salary routinely carries four lives**.

The word is contested, and the contest is worth keeping. Critics say *tax* poisons something that is actually *ubuntu* — mutual care, the thing that raised the sender in the first place. Defenders answer that refusing to name a cost does not remove it; it just removes it from view. This report holds both positions at once, deliberately. The money is love, and it is also money. The second fact does not dishonour the first — but only the second one compounds.

03 · One Sender, Four People

200 million migrant workers send money home. 800 million people live on it. (IFAD)

Fig 1 — The global ratio, from IFAD: 200 million senders, 800 million supported.

Globally, about **200 million migrant workers** send money home, and an estimated **800 million family members** depend on what arrives. For Africa, the flow reached about **$124 billion in 2025** — roughly double all official development aid — with about **75% funding immediate consumption**.

Two things follow. First, **the average sender is running a miniature welfare state** — pension, health insurance, education grants and emergency fund for four people — without any of a welfare state's tools: no contributions, no actuarial tables, no retirement age, no way to decline a claim. Second, development economists have measured what remittances do for recipients for decades. Almost nobody measures what forty years of remitting does to the remitter. This report is about that missing column.

04 · The Leverage

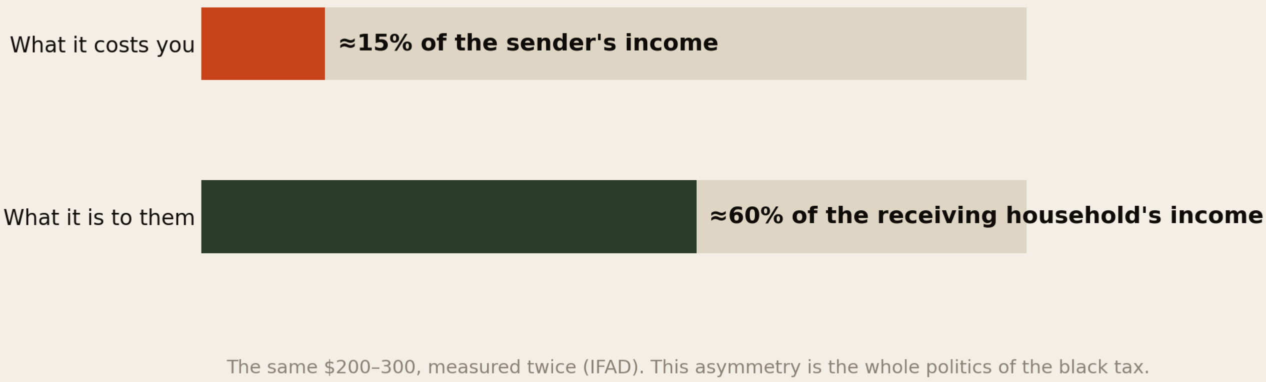

Fig 2 — The same transfer, measured twice. IFAD figures; global averages, not Africa-specific.

The money migrants send is, on average, about **15% of what they earn**. The same money makes up about **60% of the receiving household's income**. Sit with the asymmetry, because it explains the entire emotional economy of the black tax.

- **It is why you cannot say no.** To you, skipping a month is an inconvenience. To them, it is the majority of household income not arriving. This is the arithmetic underneath the loyalty tax our investment research described: refusal is not read as budgeting. It is read as abandonment, because functionally it is closer to abandonment than either side wants to say.
- **It is why the requests seem endless.** A household 60% funded by transfers is not saving its way out of needing them. The transfer holds the floor; it rarely builds the stairs.
- **And it is why the money is genuinely irreplaceable.** No programme, charity or government delivers 60% of household income to 800 million people. The leverage that traps the sender is the same leverage that makes the money the most effective poverty instrument Africa has.

The black tax is hard to escape for the same reason it is worth paying: a dollar crosses the border and triples in meaning. The trap and the miracle are one mechanism.

05 · The Ledger

Now the number nobody writes down — Fig 3, on the cover. Take a representative obligation — **$250 a month**, inside IFAD's $200–300 range — and run it over a **30-year working life**.

The cash column is simple: **360 transfers, $90,000**. Most senders have never seen that figure, because no one adds up a payment that arrives as an emergency, a school term, a funeral, a roof — $250 at a time.

The second column changes how you see the first. Retirement arithmetic is boring and merciless: **$250 a month invested at 7% for 30 years grows to roughly $305,000** — the ordinary index-fund mathematics our savings report showed African households are locked out of. The gap between the columns — about **$215,000** — is the part of the black tax no one discusses, because it is paid in a currency that appears in no account: **compounding that never happened.**

- **This is an illustration, not your statement.** Change the amount, the years or the return and the figures move — proportionally, which is the point. At $150 a month the foregone total is still six figures.
- **The comparison is not "family versus index fund."** Nobody sends $250 into the void; it buys the outcomes in Section 07, some of which — a sibling's degree — compound in their own way. The ledger's job is to make the trade *visible*, not to declare it wrong.
- **But the invisibility is not neutral.** A cost that is never totalled can never be planned, capped, shared among siblings, or ended. The people who quietly reach sixty abroad with nothing did not decide to spend $305,000. They decided, 360 separate times, to send $250.

06 · The Double Bill

The double bill — why the same transfer costs the diaspora more

01 You earn less to begin with

African-origin workers in Europe face a 26.1% pay gap against 9.0% for European arrivals — the tax is levied on a discounted salary.

02 You send from the thin slice

About 75% of remittances fund consumption at home. Your own saving comes from whatever survives rent, and the transfer.

03 The transfer itself takes a cut

Sending $200 to sub-Saharan Africa costs 8.78% — the most expensive corridor on earth. Two and a half years of support lost to fees over a career.

04 And your own pension goes unpaid

Diaspora accounts describe reaching sixty abroad with no retirement provision because home always came first. Nobody budgets for the sender.

Fig 4 — Why the same obligation costs the diaspora more, assembled from findings across this library.

The salary it comes from is already discounted — a **26.1% pay gap** for sub-Saharan African workers in Europe. The cost of living it competes with is the host country's: London rent and Lagos school fees from one payslip. The corridor takes **8.78%** in motion. And the shock absorber, in account after account, is the sender's own future: the pension contribution skipped, the retirement planned as “the house back home” — an asset our investment research showed is itself exposed to title fraud, abandonment and currency collapse.

The family's insurance policy is a person — and nobody is insuring the person. The most dangerous line in the ledger is not what you send. It is what you are not setting aside because you send.

07 · The Credit Side

The credit side — what the money measurably does (studies across 122 developing countries)

School enrolment and completion	rises
Girls' education specifically	rises more than boys'
Child mortality and stunting	fall
Household health spending	+1.5% for every 10% more remittances per head
Receiving-household income	≈60% of it, in many homes

Fig 5 — The credit side, from studies across 122 developing countries and the sub-Saharan literature.

A ledger with only a cost column is propaganda. **Children go to school and stay there** — enrolment, completion and girls' education all rise. **Children survive and grow** — child mortality, stunting and undernourishment fall; a 10% rise in per-capita remittances lifts household health spending measurably. **Households stand upright** — the money arrives *more* reliably in crises, when everything else flees.

Set that against the moral-hazard finding our investment report documented — remittances letting weak states spend less on health and education — and you get the honest, double-entry truth: the same transfer educates your niece *and* quietly subsidises the ministry that failed to. Both entries are real. Neither cancels the other. Count anyway: the credit side survives the counting. What does not survive counting is waste, duplication, and the fifth cousin's third business idea. Arithmetic is not the enemy of generosity. It is the enemy of leakage.

08 · The Debit Nobody Prices

- **The escalation mechanism.** The transfer does not close the request; it opens an account. The washing machine becomes the generator becomes the subscription. Unmanaged, the ledger's trend line is up — not because anyone is greedy, but because a 60%-funded household reorganises itself around the funding.
- **The information asymmetry, both ways.** People at home convert your salary at the exchange rate and see wealth; they have never met your rent. You, four thousand miles away, cannot tell performed need from desperate need. The ledger cannot fix this. Only structure — and visits — can.
- **The sibling subsidy.** Where one child went abroad and four did not, the black tax quietly becomes a one-person levy: the sender covers not a fair share but the whole bill, plus the resentment of being seen as the lucky one. Ledgers shared among siblings — even unequally — recur in the accounts of families that stayed intact.

09 · The Country That Named It

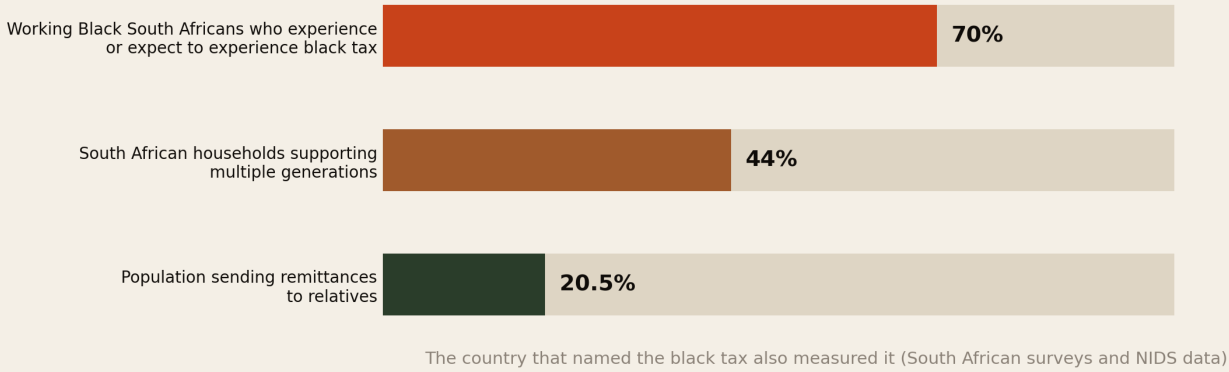

Fig 6 — South African survey and NIDS figures. Different studies, different definitions.

South Africa coined the term — and because the phenomenon there is domestic, it has been *measured*: around **70% of working Black South Africans** experience or expect the black tax; **44% of households** support multiple generations.

The South African literature also supplies this report's sharpest structural insight: the black tax is what happens when **one generation is asked to be the pension system that history denied the generation before it**. Apartheid built the South African version; colonial wage economies and absent welfare states built the continental one; migration merely stretched it across borders and multiplied it by an exchange rate. You are not carrying a personal failing of your family. You are a private citizen performing an unfunded state function — and the exhaustion you feel is what unfunded state functions do to the person performing them.

10 · Running Your Own Ledger

Running your own ledger — the goal is not to stop paying; it is to become the last generation that has to

01 Write the number down

One line: what you sent this year. The tax survives on being uncounted — no one budgets what they refuse to see.

02 Set the ceiling out loud

A fixed monthly amount, said once, to everyone. When it is spent, it is spent. A rule refuses for you, so you never have to.

03 Pay your pension first

You are the family's insurance policy. An insurance policy that goes broke at sixty protects no one — funding it is not selfishness.

04 Buy off-ramps, not subscriptions

One cousin educated to completion ends a branch of the ledger. Five drip-fed dependencies never end. Prefer transfers that terminate.

05 Route it through structure

A gatekeeper, an evidence rule, school fees paid to the school. Every shame-proof mechanism from our investment research applies here.

Fig 7 — The practices, drawn from the community evidence and the structure of the problem. Not financial advice — a way of deciding on purpose.

This obligation is too large to run on drift. What follows is not a way to pay less. It is a way to *decide*: write the number down once a year. Set the ceiling out loud — a rule refuses on your behalf, so no individual request is ever personally refused. Pay your pension first, and say why: you are the family's entire insurance stack, and the single worst outcome on the whole ledger — for *them* — is the sender reaching old age broke. Buy off-ramps, not subscriptions: one cousin taken from first year to graduation ends a branch of the ledger; five drip-feeds never end. And route it through structure — gatekeeper, evidence rule, fees paid directly to the school.

11 · The Off-Ramp

One reframe, and it is the most important paragraph in this report. The question senders ask is *“how do I manage this burden?”* The better question is generational: **“how do I make sure my children are not having this conversation?”** The black tax exists because the previous generation had no pension, no assets and no state behind it. It ends only when some generation converts support into *capacity*: educations completed, incomes established at home, one funded retirement (yours) that never becomes a claim on the next generation.

That is what the ledger is *for*. Not to shame the spending, but to steer it: away from indefinite floor-holding, toward the specific, finishable purchases that close accounts. Every dependency you convert into an income is a payment your children will never make.

You cannot refuse to pay the black tax — the leverage saw to that. What you can refuse is to pass it on unamortised. The goal is not to be free of it. The goal is to be the last one paying.

12 · The Uncomfortable Part

First, this report has priced something many readers believe should never be priced. Putting $305,000 next to your mother's upkeep can read as an accusation, and it is not one. The accounting does not say the money was wasted; the credit side says the opposite. But refusing to count has a documented body count of its own — the senders who arrive at sixty with nothing were protected from the arithmetic, not by it.

Second, the ledger is not symmetrical, and honesty requires saying so. The parent it supports spent unpriced decades raising the sender; the village schooled them; the family often funded the very migration the salary comes from. The black tax is, in part, a repayment schedule on real capital invested. What makes it corrosive is not the existence of the debt — it is that the schedule has no number, no term and no end, which no legitimate debt is allowed to lack.

Third, the exhaustion is allowed to be real at the same time as the love. The dominant public scripts are gratitude (“family is everything”) and grievance (“they are bleeding me dry”), and most senders live in both at once, and say so nowhere — because our shame research applies with full force: the sender who admits strain looks like a failure abroad *and* a miser at home. The ledger gives you a way to talk about the money that is neither of those scripts — just arithmetic, said out loud, with love intact.

13 · Method & Limits

This report combines published remittance and survey data with our own clearly-labelled arithmetic, as at 24 August 2026.

- **Fig 3 is our own construction, and its assumptions are choices.** $250/month sits in IFAD's $200–300 global range; 30 years is a stylised working life; 7% is a conventional long-run nominal equity return, not a guarantee; fees apply the Q1-2025 sub-Saharan average (8.78%) flatly across three decades. The output is an *illustration of magnitude*. Inflation means the real foregone sum is smaller than the nominal $305,000, though still transformative at any plausible deflator.
- **The 15%/60% figures are IFAD global averages**, not Africa-specific, and both vary enormously by corridor, income and household. They are used for the asymmetry they demonstrate, which is robust, rather than their decimals, which are not.
- **The 1:4 ratio** divides IFAD's 800 million supported by 200 million senders; it is an aggregate, not a typical family.
- **The South African figures come from different instruments** with different definitions of support. They triangulate a phenomenon; they are not one dataset. And South Africa's domestic black tax is an analogue for the diaspora's cross-border version, not the same measured object.
- **No study measures the lifetime cost to diaspora senders.** That absence — decades of research on what remittances do *for recipients*, near-silence on what remitting does *to remitters* — is itself a finding of this report, and the reason Fig 3 had to be built rather than cited.
- **The credit-side effects are associations at national scale**, with the usual causal identification challenges; the enrolment and mortality findings replicate widely.
- **Escalation, sibling asymmetry and sender-retirement failure are qualitative patterns** from self-reported community accounts, with all the limits stated in our earlier research.
- **Nothing here is financial advice.** The ledger is a way of seeing; what any family does with it is theirs.

Principal sources

IFAD, 15 Reasons Remittances Matter, and UN/IFAD remittance facts on sender ratios, amounts and shares; World Bank data on African remittance volumes and transfer costs; research on Black middle-class financial transfers in South Africa, the JEF exploratory study of black tax, and NIDS-based analyses; research on remittances, education and health in sub-Saharan Africa and the 122-country literature; the African Development Bank/IFAD consumption split. Full inline links in the web edition.

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