



Jean Chatzky's Money Story

The personal-finance guru learned from her mother's example "that women can be active and extremely competent managers of money." Now she's sharing that lesson—and more gained over her 25 years as a business journalist and experience as a small-business owner—in a new book.

By Caren Lissner

Back when she was just starting out, Jean Chatzky C'86 had a hard time advancing in the field of business journalism because her first magazine—*Working Woman* (!)—wasn't regarded as a business publication. A little later in her career, her decision to focus on personal finance—jumping from a long-sought position at *Forbes* to a startup called *Smart Money*—was also met with skepticism. Writing about what more or less ordinary people did with their money wasn't quite taken seriously at the time.

Skip ahead to the present, and Chatzky is the author of 11 books (including some *New York Times* bestsellers) and innumerable magazine articles and columns, a familiar and trusted media presence, and a much in-demand speaker whose general subject matter has exploded in importance and popular interest. Besides serving as financial editor for the *Today* show and "personal finance ambassador" for AARP, she hosts a weekly podcast, HerMoney, that is the centerpiece of a business called HerMoney Media, of which she is cofounder and CEO. The group's biweekly newsletter, weekly podcast, website, and Facebook group have a reach in the hundreds of thousands each month.

Chatzky's latest book—*Women with Money: The Judgment-Free Guide to Creating the Joyful, Less Stressed, Purposeful (and Yes, Rich) Life You Deserve*, published in March by Grand Central Publishing—takes aim at the enormous financial changes that women have experienced in recent decades and the even more momentous ones that are on the way.

The book examines the ways women think and act when it comes to getting and managing their money and provides advice on a range of common financial questions and for different life-stages—from how to approach investment strategies and retirement planning, to dealing with finances in a modern marriage, to preparing one's kids to "launch" into financial independence, to becoming more vocal about "getting paid what you're worth ... plus tax."

The book's warm and informal tone will be familiar to Chatzky's fans, but it's loaded with research findings from a wide variety of sources, interspersed with personal stories other women have shared with Chatzky and from her own career and personal life.

Because talking about money has traditionally been taboo—something Chatzky thinks needs to change—she convened groups of acquaintances in places like the

White Dog Café in Philadelphia specifically to talk about their finances, even handing out slips of paper with financial topics on them to prompt discussion. "I really enjoyed seeing how the data—academic and other research—showed up in the answers real women gave when interviewed one-on-one, or in the HerMoney Happy Hours," she says.

Both the research data and her interviews pointed up the fact that "women have undergone a pretty dramatic shift in the last 25 years," Chatzky says. "What's happened is that there's been an incredible shift in the amount of personal financial responsibility that we're all asked to take."

She cites the widespread replacement over that period of defined benefit retirement plans—guaranteed pensions—with defined contribution plans, including 401(k)s and similar funds, which place a greater burden on the individual to ensure their financial well-being in retirement. The situation is much the same with healthcare, where employer-funded plans have been waning. "We now have a gig economy and employers backing off from [benefits] in some ways, and we have to pay more of our health insurance and [research] copays and premiums," she says.



While both women and men contend with these developments, the financial situation for women has also changed in other ways. “We’ve got more power,” Chatzky adds. “Yes, we still have a wage gap, but if you look at educational trends and the coming transfer of wealth inter-generationally, there’s more money in the hands of women today than ever before.”

While social attitudes and lack of information have pushed women to be passive about money management, Chatzky stresses that women need to get over their fears of investing and become less shy about discussing money when it impacts their relationships with spouses, children, and elderly parents.

“Whether we’ve got \$100 or \$100,000, what I haven’t seen enough of yet is a shift in stepping up to manage that money—and manage means invest. But we want to,” she says.

“By 2028, women will control 75 percent of discretionary spending around the world and, by 2030, 66 percent of America’s wealth,” Chatzky reports. Some of this is because more women than men are graduating from college, and so will likely be earning more, and some is simply because women tend to live longer than men and inherit wealth from parents and spouses.

Much of the beginning of the book talks about women’s psychology around money, but Chatzky says men can gain insight from it too. “Just as women will learn a lot about themselves by reading this book, men will learn about the women in their lives,” she says. “It’s beneficial to us to understand our partners and why they act the way they do.”

Messages about Money

Everybody has a “money story,” Chatzky writes, referring to the early experiences that shape people’s psychology around spending.

Hers took place in the Midwest, as she was growing up in Indiana, Michigan, and Wisconsin, where her father was a communications professor and sometime consultant. During her sophomore

year in high school, the family moved to Wheeling, West Virginia, so he could manage a local TV station. There wasn’t a lot of extra money, and Chatzky made note of the varying attitudes toward finances within her family.

“I got an interesting mix of messages about money. My money story was that women can be active and extremely competent managers of money. My mother was in and out of the workforce. She was really good at [handling the money]. My father was her sounding board. She was in charge.”

Chatzky was aware that money was tight at times, “but it wasn’t a source of strife,” she adds. “It was more, ‘We’re going to be crafty and figure this out so that we can do all the things we want to do.’ We traveled across the country one summer, and lunch was a package of bologna and a loaf of bread, and we made sandwiches. We ate out of the back of a station wagon at a playground. Did that take away from it? No, it was how my parents did it.”

Another childhood lesson: such penny-pinching—or rather, conscious management of capital resources—should be a means to an end, not an end in itself. “I had one very frugal parent and one parent who really enjoyed spending money. My father would splurge on things, and he would *enjoy* splurging on things,” Chatzky says. “Sometimes in our house these days, when we spend too much on theater tickets—which I do—we talk about this as [being] ‘why we work.’ We enjoy this. We’re not sabotaging our financial life in order to do these things. I got that from my dad.”

Chatzky also takes inspiration from her mother’s adaptability. “She was amazing ... at reinventing herself,” Chatzky says. “Years after my father got his PhD, my mother got a master’s in educational psychology at Bloomington. She ran a gifted and talented program in Wheeling, and taught statistics at college when we were in Peoria.”

Though Chatzky majored in English at Penn, like her mother she had a head for business and math. She minored in

marketing and admired rather than disdained pre-professional students. “Not just in Wharton,” she says, “but pre-med, pre-law—I wanted to be pre-*something*.”

At the same time, her journalistic ambitions were fired by beloved English department senior lecturer Nora Magid. “She is responsible for a great deal of my life,” Chatzky says. Before her death in 1991, Magid taught two decades’ worth of budding journalists to craft a tight essay with a timely hook (and plenty of others to become better writers and readers). Participants in her legendary nonfiction writing seminars were also encouraged to stay in touch with her and each other after graduation [“The Nora Network,” Mar|Apr 2013].

Magid helped Chatzky secure some of her summer internships at *Advertising Age*, Rodale Press, and a newspaper in West Virginia. “I had a resume that really said *journalism, journalism, journalism*,” Chatzky recalls. But during her senior year she was struck by a malady known to many a liberal arts major: recruitment envy. Her business-oriented peers were landing on-campus interviews well before graduation.

Chatzky applied to the management training program at the old May Department Stores Company. “It was in Connecticut and paid \$24,000 a year,” she recalls. “I also had an offer from a magazine called *New Woman* for \$12,000. I went for the money. I bought a car, got a roommate, and moved to Connecticut.”

Within three months, she knew it was “a terrible mistake,” she says.

She applied for a job at *Working Woman* for \$11,500—or \$500 less than she’d passed up at *New Woman*. Living on that income “was a stretch,” she recalls. “I remember a lot of soup at the Chinese restaurant, and it was like a dollar and it came with rice.”

Chatzky was assistant to the business editor at *Working Woman*. She wrote about businesses including Nike and Gap and read *Forbes*, where she wanted to work—but “I couldn’t get there,” she adds, because business journalists “didn’t think *Working Woman* was a business magazine.”

Interviewers suggested she get an MBA, but that didn't strike her as wise. Working as a freelancer, she noticed that research analysts had similar duties to business reporters. "I figured if I could get into one of those departments, I'd learn about financial statements." That eventually led to a job at Dean Witter, where she earned \$45,000 per year plus a bonus—the most she had ever made, and more than she got when *Forbes* did hire her a few years later.

Her next stop, which would set the direction of her career, was at *Smart Money*, which was being launched by some of her freelance contacts. One attraction was the opportunity to pursue an interest in personal finance that she had already developed—and that baffled some of her colleagues at *Forbes*. "I had a parade of [them] coming into my office, telling me what a mistake I was making," she recalls. "When I was going into personal finance, it wasn't a respected area of journalism."

Smart Money's publicist arranged for reporters to discuss their stories on TV. A *Today* show producer asked Chatzky to appear more frequently. "Television opened a lot of doors," she says, "and what I did right was just walk through them. I didn't say no."

"No Stopping this Train"

The demographic changes involved in women's finances aren't limited to the growing number—38 percent, currently—who have become their family's biggest earner or primary breadwinner. "More than 50 percent of women are single—and many will stay that way, making them de facto heads of households in their homes. Add them in, and the primary breadwinner number soars to 60 percent.

"And there's no stopping this train," Chatzky writes. "For every 100 men who graduated from college last year, 132 women graduated. Those college degrees will drive increased earnings—increased power—for women. Already half of all millionaires are women. Women are also poised to inherit 70 percent of the \$41



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trillion in intergenerational wealth transfer expected over the next 40 years."

What will they *do* with that wealth? Chatzky notes that women more than men lean toward safety in their business decisions. "One after another, the women we interviewed told us that what they wanted most from their money is ... Safety. Shelter. Security. Stability," she writes. "We want that feeling that we have landed somewhere that is solid and that no other person has the ability to remove the rock from under our feet."

Chatzky ties this instinct to a more generalized sense of insecurity among women. She cites a Gallup poll that compared how safe men and women in 143 countries felt walking alone at night in their own neighborhoods. "In 84 countries, there were double-digit gender gaps—and high-income and upper middle-income countries (like the US) had some of the largest," she writes.

In personal-finance terms, caution is mostly a good thing—Chatzky recommends keeping 15 percent of salary in savings—but she believes women have to

think more about balancing that with investments, particularly in the long-term.

Getting beyond the feeling that you don't know enough about money is a good first step. (Chatzky has been beating this drum since her best-selling *Make Money, Not Excuses* in 2006.) She advocates becoming more familiar with finance by taking 15 minutes a day to read the business section of the newspaper. She also encourages hiring a financial advisor, finding that person through word of mouth and choosing one who is able and willing to explain things clearly. The internet can be a helpful tool as well—emphasis on the *can be*, since there is plenty of bad information and out-and-out scams there, too. Chatzky's Her-Money site contains frequently changing articles on topics such as job-hunting, managing money in a marriage, and clear answers to questions like "What does it mean to 'short' a stock?" and on other specialized terminology.

Chatzky generally shies away from discussing stocks and bonds, noting that that would be a different kind of book, but she does look at types of long-term investments, including buying property or "investing in your own thing" like a dream business. In the latter case, she suggests not quitting a job to start one's own company, but rather doing initial research and making mistakes while still employed, even observing how many people come through the door of a store.

Whether they are part of a couple or the head of household, women will be doing more retirement planning and need to be familiar with the options. Chatzky is a big fan of the 401(k) for those who are employed, since the salary goes into it without being taxed. "In general, we want to put as much of our money into tax-deferred or tax-free buckets as possible," she advises. "We also want to grab any other incentives or freebies (like matching dollars) that are available. Then we move on to taxable accounts."

After contributing to your 401(k) or other workplace plan, next in line for tax-advantaged investments would be a

health savings account, a 529 plan (for educational expenses), and a Roth IRA, before coming to taxable investments. Chatzky also provides breakdowns for the self-employed and for those whose employers don't offer retirement benefits.

The best retirement funds serve the "purpose of keeping your risk in line with your retirement," she says, sometimes starting with more aggressive investments and becoming more cautious to protect principal as the person ages. And she also suggests investing in long-term care insurance. It's expensive, but it can be acquired later in life (though she recommends buying "before age 60," when premiums can go up and health problems may make rejection more likely).

Maggie McGrath '11 took advantage of the 401(k) that Chatzky offered her staff while working as her assistant after graduation. McGrath initially planned to devote any extra money toward eliminating her \$65,000 student debt, but Chatzky cautioned her to place some into retirement and emergency funds as well. Currently McGrath—who double-majored in communications and French at Penn—is the editor of the online entrepreneurship vertical *ForbesWomen*. She says she knew nothing about money when she graduated, but learned a lot through working with Chatzky—and she feels lucky to now have her money in a variety of accounts.

Narrowing the Pay Gap

Women would have more money to put aside for the long-term—or blow on theater tickets—if they received equal pay to men, Chatzky says. Go back 30 years or so, and women earned 64 cents for every dollar a man earned—a pay gap of 36 cents. Today, women earn 80 cents to the male dollar (though wages for black and Hispanic women continue to lag men's pay by much larger margins, coming in at 63 and 54 cents for every dollar, respectively).

As women have outpaced men in educational attainment and made inroads into traditionally male (and higher-paying) fields like finance and law and

newer ones like coding, it's had an impact on the wage gap. "By 2012, young women entering the workforce earned 93 cents for every dollar a man earned. Unfortunately, those gains aren't particularly sticky," Chatzky writes.

"According to the American Association of University Women, we earn about 90 percent of what men do until age 35," she reports. "After that the number falls to between 74 percent and 82 percent. At the current pace of change, the AAUW forecasts we won't reach parity until 2119."

One factor comes from some women taking time away from paying work for childcare or to help older parents—but there are plenty of other reasons. "It's not just our choices that are to blame. You can point a big fat finger at society," Chatzky notes, and goes on to cite several egregious cases of bias, including a study evaluating two identical computers in which respondents said the one given the name *James* was worth 25 percent more than the one designated *Julie*. In that study and some others, women were as prone as men to undervalue women.

"We understand (and again research backs this up) that advocating aggressively for ourselves at work comes at a high social cost," Chatzky writes. "In the eyes of other people, our likability goes down ... but we may also not be sure that we deserve it."

She cites a book editor friend who had one-year-old and five-year-old children and asked to work from home on Fridays. Her bosses agreed, but only if they cut her salary by a fifth and considered it a four-day workweek. She accepted, then got the same amount of work.

"The key to dealing with this, says business strategist Leisa Petersen, is learning to question your assumptions of what's right, what's allowed, and what's outside the lines," Chatzky writes.

Her main message: "Getting paid is good. Getting paid more is better." Women need to confront their ambivalence "about earning more money, having more money, and helping other women

to do the same," she writes. "We have to help other women as friends, as colleagues, even as employers." (On this last item, Chatzky recently put her money where her mouth is, giving a member of her team two \$5,000 raises over a week's time. The reason? Chatzky knew her work was worth the additional amount and "felt she needed to know it, too.")

Parents, Spouses, Kids

Women are marrying later (the average age of first marriage is 27.8 years for women, 29.8 for men, says the Census Bureau). Those in middle age right now—Generation X, defined by Pew as those born between 1965 and 1980—often take care of their children and their parents. And women are doing so more than men.

"More than 34 million Americans provide unpaid care for a family member or friend over 50," Chatzky writes, quoting the AARP and the Alliance for Caregiving. "The average caregiver is a 49- to 50-year-old woman, working, with kids of her own, who also spends 20 to 25 hours a week caring for other (female) relatives ... But many are also younger; nearly 10 million millennials are caregivers for parents and grandparents."

This means people need to have tough conversations with their elderly relatives, as well as with other family members who can help, she says. Questions can include: "What if someone started to notice that you're slipping cognitively? Would you be willing to let us tell you?" as well as where elderly parents want to live, and who their caregivers and friends are in case of emergency.

Within marriages, differing attitudes about money—whether they originate in the past or present—can easily cause strife. Chatzky says it's good to understand a partner's money story. She advises setting up "money dates" to discuss finances with a partner, rather than waiting for a fight.

In the book she talks about an argument she and her husband, Eliot Kaplan '78, had as he was contemplating retirement from a longtime position as



Everybody Wins

vice president of talent acquisition at Hearst Magazines. When Kaplan discussed leaving full-time work, she thought he wasn't being realistic about planning for the next few years. "Ugly crying—on my part—was involved," she notes. However, Kaplan did have a plan and is currently a successful career consultant. Chatzky acknowledges that she probably panicked unnecessarily, and, "he is actually much better than I am at talking about our finances."

(Chatzky says he was fine with being mentioned in the book, but she would have made changes if he'd objected. The two married in 2009—the second marriage for both—after having met through the Nora Magid Mentorship Prize, which Kaplan cofounded and codirects and on whose board Chatzky serves.)

She says couples should "find a system that works for you," rather than feel pressured to combine all accounts. Some women keep individual accounts and credit cards in just their names, while sharing others.

To raise children who can handle money wisely, start early, Chatzky advises. "We want to give our kids the advantages that come with a comfortable life," she writes. "Yet we don't want them to lose respect for those advantages or not understand that they require hard work." She suggests "establishing a running dialogue throughout their lives," by doing things like explaining to a young child in a grocery store why parents are choosing to buy the brand that's on sale. Older children can be encouraged to save or work toward a goal.

And experience can be an effective—if sometimes painful—teacher. In one case Chatzky recounts, a mother gave her three children enough money to cover utilities for a year and advised them to "be smart." Two were, but one wasn't—and ended up moving back home.

Parents should also make a point of discussing money with their kids. She cites a T. Rowe Price survey showing that two-thirds of parents said they were reluctant

Not earning up to your potential isn't good for anyone: you, your family, the children who watch your every move, the younger women in your orbit who do likewise, or society as a whole. Research has shown that women who do earn more are more likely to learn about our finances, take control of our finances, and be confident about the actions that we do take. (This, by the way, makes total sense. Once you have a stake in anything—whether it's cards on the blackjack table or a child on the field at a soccer game—you're more likely to be engaged in the activity and invested in the outcome.)

And for anyone who is worried about a spouse getting ruffled if you start to earn as much or more than men, know that research from *Money* magazine showed the opposite. In households where women earn as much or more than men, spouses were happier with their relationships, "as much in love," and had better—"hotter"—sex. In fact, *Money* reported "the most satisfied partners of all were the husbands in egalitarian and female-breadwinner marriages." #justsaying —From *Women with Money* by Jean Chatzky.

to talk about money with their children unless the kids brought it up. And when those conversations do happen, they're less likely to be with daughters, she adds. In the same study, "58 percent of boys [said] their parents are having conversations about financial goals with them, compared with 50 percent of girls."

Where HerMoney Goes

Among the younger set, the reluctance to discuss money matters may be fading. Newspaper articles in the last two years have noted that millennials love to chart and discuss their spending through the popular "Money Diaries" feature on the website Refinery29.com. (Chatzky's former assistant McGrath says she's read the "Diaries" and describes them as "voyeuristic catnip" for her generation.)

And as the accessibility of the internet helps lessen the taboo around talking about finances, it's helping Chatzky extend her reach. The success of the HerMoney podcast has led her and her producer to launch a private Facebook community "where thousands of women come together with us to help each other dissect questions about their financial lives and cheer each other on," she says. "And that, in turn, led us to launch HerMoney Media last fall, led by our website HerMoney.com. We publish two newsletters a week, and have hundreds of thousands of readers."

Chatzky says that it was these experiences, and her own evolution from jour-

nalist to entrepreneur, that ultimately led her to want to write a new book. Since penning *Make Money, Not Excuses* more than 13 years ago, her life had evolved as it does for so many women: she'd gotten divorced, remarried, watched her kids grow up, lost a father, and "about a decade ago, I became one of the more than 6 million Americans who start a small business each year," she writes.

Those experiences "made me more conscious of the important role that money has played—and continues to play—in my own life. But, as a woman, it's also made me more opinionated about the best ways to think about and interact with money in order to get it to produce the best results."

She thinks that societal attitudes toward women with money will continue to evolve, as will women's confidence in commanding more of that money.

"It's ironic that although women have more money than we have had before, we can't stop doubting ourselves," she says. "If we can get over that—essentially stop doubting ourselves, take the bigger job, think about the bigger investment, believe we can do this—it's not only going to make us stronger, it will make us safer and more secure too."

Caren Lissner C'93 (carenlissner.com) wrote about Bloomers for the Jan/Feb issue of the *Gazette*. Her first novel, *Carrie Pilby*, was turned into a romantic comedy film currently on Netflix.