

Farnoosh Torabi: Jean Chatzky, thank you so much for joining me on my launch of So Money.

Jean Chatzky: I didn't realize this was the launch. I'm so excited thanks for asking.

FT: Absolutely! You know, I didn't mentioned this in the introduction but for a lot of people listening, they may not know that 11 years ago, I was your assistant. [chuckle]

JC:: You know, I think about... I mean, it's funny, when we have people in our orbit, they tend to cycle around again. But I have so enjoyed watching all that you've done and I take a little bit of pride and ownership for your success. I hope that's...

FT: Well, I was gonna say, you beat me to it... I want to attribute so much of my growth in my career to having had the amazing opportunity to work for you and with you all these years ago. Because the one thing that you taught me, and you continue to teach me, and you continue to be a role model in this area for me, and I know many others, is that you really took journalism to an entrepreneurial level before anyone even realized you could do that and that you should do that.

I graduated from Columbia Journalism school and then immediately started working for you, and I have to say, I've got so much more of an education in a lot of ways working with you that I never got in school. The idea that you can actually, as a writer, as a journalist, you have an opportunity to engage in so many ways as a story teller, it's not just through print, but really you can do this through radio, through television, through writing books, through giving speeches, through a variety of ways.

And it's... For me, I inherited that lesson working with you and I know that when times got tough and the economy got rough and I got laid off in 2009, I could fall back on these other projects that I've been working on as a freelancer that I had my own ownership of. And that was because I learned that from you, truly.

JC: Oh, thank you.

FT: So, I'm So Money because I worked with Jean Chatzky 11 years ago. [chuckle] And this is so special now to have you on my podcast. Well, first I want to know, what are you working on right now? Because you're working on so many thing all the time. This is 2015, I know you just launched recently a free book for military families. Share that with us.

JC: Yeah. I'm so excited about that actually. NBC published this book with the support of Citibank, it's called Operation Money. And it's actually the second e-book for military families that NBC has gotten behind. It's a free download. You can get it at operationmoneybook.com. And I know a lot about personal finance, I did not until I started doing this research, know a lot about the military. But military families are so different in their financial needs, their benefits, the way they live their lives that putting together a guide book for them that goes through everything from saving, to spending, to debt and credit, to protecting the ones they love actually made a lot of sense and there's some great video embedded in the book, so if you prefer to receive information in that way, it's there for you too. So I hope that people will just spread the word about that at operationmoneybook.com.

FT: It's so important. What did you learn was the most challenging and unique aspect of personal

finance for military families?

JC: They have to be so able to go with the flow. And I moved around a lot as a child, my father was a college professor and college professor's move not as often as the military but we move fairly frequently. When you pick up and you go to a new place, you have to adjust to a new cost of living, a new cost of housing, there are moving costs involved, your spouse may or may not be able to find a job. So, all of a sudden, not only does the left side of your budget change but the right side of your budget changes, and you've got to be able to adjust to both very, very quickly because this moves happen at the drop of a hat.

And that's the thing that I think throws many military families for a loop. And if they can figure out how to live on the one salary of the military member and almost bank the salary of the non-military spouse, the way that we teach people who are pregnant to bank the salary of the person who thinks they might wanna step out of the workforce, it's really, really helpful.

FT: Awesome and so wonderful that the book is free. What's been the reaction?

JC: It's been great. We've gotten a ton of downloads and we've been high on the charts at Amazon which makes everybody happy. And I've heard from a lot of military families that this is the first time that they've seen this information in one place. So that was the goal which makes me happy that we've been helpful.

FT: Absolutely. Congratulations. It's such an amazing and important piece of work and we'll be sure to put the link on the website.

JC: Thanks.

FT: Yeah. So it's the new year, Jean, do you set financial resolutions for yourself?

JC: I set savings goals. I don't necessarily set financial resolutions but I do have a number of road maps that I'm trying to follow whether they're retirement goals or college savings goals. My youngest is heading off to college in the Fall, so funding that has been on my plate for a while. So I tend to approach it that way. When I have resolutions they are often things that are more associated with exercise, more associated with other parts of my life. And I think that's just because I work in this everyday.

FT: And sometimes the word resolution is a lot of pressure. [chuckle]

JC: Yeah, resolution, budget, however... Diet, all of those words, however you want to sort of look at it, there is a lot of pressure. And making a change which is what a resolution asks us to do is really hard and we... I think, when we're approaching a time of trying to make a change in our lives, need to acknowledge how hard it is and that any sort of assistance we can give ourselves in making that change is value added and can help us along to success.

FT: Alright, let's talk philosophy. I think for me I have a few running financial philosophies at any given moment that helps steer my money in the right direction, make healthy choices. What would be one defining financial philosophy that you practice, whether it's daily or once in a while but it's your personal financial philosophy?

JC: So, the one I've been hanging onto most recently is that hope is not an investment strategy. There's a guy named Larry Smith, he's my cousin actually, he published his Six Word Memoirs and he was recently compiling his book of Six Words of Advice and he asked me for a six worder and that's the one that I gave him, it's one of my money rules. But it's a guiding principle in that hope really only gets you so far and then you have to do something. And you can just do one thing, but it's the action that really moves everything forward.

FT: Yeah. Well, what's your take on the value in things like... Well, there's visualization, there's hoping, there's expressing, there's telling people and sharing people what your goals are, and that's all I think really important in terms of the journey to get to your goal, but it's not the only variable, and sometimes people rely just on that, right?

JC: Yeah. I mean, visualization I think is really helpful because when we're thinking so far down the road, if it's just a squishy goal, then it's not enough to really want it. If you know... For me, the reminder that I rely on is this picture of a house on the bay in Long Beach Island, New Jersey. And I wanna be on the bay at some point in my life. I have a picture of a house that I love, whether or not we buy that particular house, doesn't really matter, it just has to be on the bay.

But I follow these things. I know how much houses on the bay actually cost. I subscribe to real estate listings that let me know when they go on the market. I'm certainly not ready to bite the bullet yet, but I do a number of things to make it real for me because when I think about a thing that I'm actually aiming for, that's the thing that has stuck with me. So, I think that that can be helpful, but you know me well enough to know that I'm not a very sort of woo-woo out there person. I'm a little bit more tangibly oriented than that.

FT: And I can relate. And sometimes people tell me, "You need to be more woo-woo, Farnoosh, 'cause that's what people want." I'm like, "But woo-woo doesn't..." My dad's a PhD, like we came from... We were raised in a very practical academic environment and I... The proof has to be in the pudding like I have to see the results in order to believe it and... But, yeah, along the way, if you wanna light candles and... [laughter]

You know, go for it, but that is not ultimately what's gonna materialize into money for you. Okay, I love that. Hope is not an investment strategy. Take us back, Jean. I wanna learn a little bit more about your background, maybe a little bit about your childhood. What is one outstanding money memory that you have? That you could say, "You know, this really helped shape or influence the way that I think about money today."

JC: So, the first time I babysat, I was 11 years old, and I earned a quarter for an hour, [laughter] which tells you something about how old I am, right? [laughter]

FT: Oh my gosh!

JC: A quarter.

FT: Tell me this was not in New York City?

JC: This was not in New York City. This was in Bloomington, Indiana, where we were living at the

time. It was for a neighbor who was not at all convinced that an 11-year-old could be a babysitter and so the reason that I only earned a quarter, 'cause I think rates were about double that at that point, was because she didn't leave the house. I was allowed to babysit but she still was there. And it was the first time that I had earned any money I think outside of money that I earn for doing things for my parents and outside of money that I earned or that I got from my allowance.

And I remember... Earning money was important to me, still is important to me. All the way through my childhood, I worked throughout high school, I worked throughout college, and I was fortunate enough to have parents who put me through college. But the deal was that the extras were on me and on my brothers, and so we worked for that money. And I watched... I think that these days often that's a lesson that we don't pass along early enough to our kids that the money that they earn is so much more valuable than the money that we give them. I've watched both of my kids experience that on their own and the importance of working for what you want and what you have is something that just has stuck with me through my whole life.

FT: Do you know how much rates are these days for babysitters? It's like up to 20...

JC: Oh, my God.

FT: It's like, I baby sat in New York City when I was in my 20s trying to make a little bit of extra money on the side and it was the best job. I got \$20 an hour.

JC: Wow!

FT: Two kids. They were both pretty much asleep by the time I arrived, dinner and a cab ride home.

JC: That is pretty good. I don't really... Kids can earn so much money baby sitting now that I don't know why they would work in a store or a place that would take out taxes, quite frankly.

FT: Right, right. Okay. Failure, Jean. This is the part of the show where I like to ask my guests to be candid and honest about a financial fail, #fail. So, please indulge us, because we've all made mistakes and it's also fun to hear from a financial pro that, "You know what? I can make mistakes too." So, share a failure with us. It could be recent, it could have been years and years ago, but...

JC: There are so many.

FT: Yeah, well.

[laughter]

FT: Just one, just one.

JC: Okay, a couple I guess. I had a huge amount of credit card debt compared to my salary right after I got out of college. I just was not paying attention and racked up about a half year salary in credit card debt before I got my act together. I made the classic 401K mistake when I left my first job. They sent me a check, I cashed it, I went shopping, I was thrilled, quite frankly, until I got the tax bill.

JC: More recently, I'm doing this interview with you from home and I bought my house... I was getting divorced at the time and I bought my house in May of 2005, which if not, it might have been the week that the market hit its high and I definitely paid too much for it. I don't know if I'll ever get the money that I put into this house out of it. I have a harder time sort of qualifying that as a mistake because I love my house and I've gotten a lot of enjoyment out of it but it certainly was not a great investment.

FT: Wow, 2005... Yeah, that's tough. That's really tough. But to look at a home as an investment is sometimes not the best way to look at things, right? Especially, now.

JC: I keep telling myself that.

FT: Yeah, yeah. Well, and you've plans... You can make the payments, you're enjoying the home, that's what's important.

JC: Yeah, exactly. There's no need to sell it at any time soon, so, it's all good.

FT: Until you get the house in the Bay.

JC: Exactly.

FT: Okay. So Money Moments. This is the part of the interview where I like to ask about, let's flip it, let's talk about something that you're really proud of. An experience that you worked hard to achieve that you like to share.

JC: So, personal?

FT: Personal.

JC: I talked a little bit earlier about saving goals. And after I got divorced, I really started saving like a crazy person and I think it was because it was what made me feel safe. And so as anybody whose gone through a divorce can attest to, you really take a step back financially. It's hard not to. But coming through the experience and realizing that I'm on track to meet my savings goals for college for my kids, for retirement for me, because of the hard work that I did in those early years catching up, I'm proud of that. And just of the focus on saving at that point in my life, I think it was absolutely the right thing to do.

FT: What would be your advice for someone who is anticipating a divorce? Particularly women, they think it's coming, they wanna ask for a divorce, what's your biggest financial advice, tip for them in order to protect themselves as the best they can during the whole process?

JC: Know the numbers, right? The numbers at this point... Although the numbers can be daunting and frightening, and there are a lot of them when you have to look at different statements and road maps, they are your friend. You wanna know where everything is and you wanna know what is growing and what's not growing and what's likely to grow in the future. And understanding your financial life is more key at this point than it's ever been before.

FT: You're So Money ritual Jean, this is a question that I like to ask. Because as we know, financial habits need to be conscious and they really are what help to create financial freedom for many, many of us, getting into good habits. What's one financial habit or So Money ritual that you do that really helps you keep your money where it needs to be?

JC: So, I don't know if it's necessarily a ritual, but many years ago when I was at Money Magazine, I wrote a book called "The 10 Commandments of Financial Happiness," and it was based on a piece of research that I did with the folks at Money, a big study of 5,000 Americans that Roper did the research for us. We looked at control, and figured out that it wasn't so much the amount of money that you had that made people happy. At that point, the bar in the sand across the country for financial happiness was about \$65,000. Now, a couple of years ago, Daniel Kahneman put it at \$75,000. I feel gratified to even be in the same ballpark with him.

But we did note that people who had more control over whatever money they had were significantly happier. And one of the things that made people happy, or one of the habits that people who were happier actually said they had, was that they paid their bills when they came in. And I started doing that when I got the finding, and I continue to do it to this day. It's one of the things that has been made much, much easier by online banking. I get a bill, I still get my bills in the mail. I open it, I sign on, I pay it, 30 seconds, and it's done.

FT: Do you actually automate much of your financial life?

JC: I automate a lot of it. I automate... I don't get many statements these days. I've elected to receive a lot of them electronically. I don't receive bills online, in many cases, I still like to have the paper copies, although I think that I'm probably nearing the end of that part of the ritual. But, yeah, I pay everything online.

FT: That's really, really important to do. The other thing that I think, the benefit to doing that, is sometimes when you pay your bills as they're rolling in, as opposed to at the end of the month, once a month, it helps your credit score.

JC: Yeah, it helps your credit score. It also helps you in that you can be a little more flexible. So, if you see that you've got... We're entering the high home heating season. So if you see you've got a heating bill that's a lot higher than you thought it was gonna be, you will adapt through the rest of the month. You'll just automatically spend a little less on other things because you have the information that you already spent a little more on your heating bill, so you won't dig yourself into as deep a hole.

FT: Right, and it's not just this one time a month. It's this big, defining moment that could be disastrous.

JC: Exactly.

FT: All right. This is the end of the interview and I like to end on a fun note. So, I'm going to do what I call, So Money Fill in the Blanks, where I start a sentence and you finish it. And whatever the first thing is that comes to your mind, just say it.

JC: Okay.

FT: So, "If I won the lottery tomorrow, say \$100 million bucks, I would... "

JC: Buy a house on the Bay.

FT: Yes! With lots of money left over, I would imagine.

JC: A lot of money left over.

FT: "The one thing that I spend on that makes my life easier or better is?"

JC: Blowouts.

FT: Hair blowouts, yeah.

JC: Yeah, yeah.

[laughter]

JC: Yeah. I don't go all that often, but when I do, it just makes my life easier for the next five days. So, it's an indulgence.

FT: It is, it is. All right. "My biggest guilty pleasure that I spend a lot on, probably too much is?"

JC: Well, I guess it would probably be the same thing. Although, it may also be Pea Pod. I don't know that Pea Pod is a guilty pleasure but, boy, it makes my life a lot easier.

FT: Yeah, mine is seamless.com, which is... I don't know if it's national, but it is a dangerous website, where basically, it's like Uber where you put in your credit card information once, and then you are set to order, and they bring the food to your house from any restaurant, the tips included, the charges, everything, and you never probably see the bill, which is really dangerous.

JC: I will check that one out.

FT: Yeah. Apologies in advance. "One thing I wished I'd known about money growing up is?"

[pause]

FT: To ask more than 25 cents an hour.

[laughter]

JC: Exactly. The thing I wished I'd known about money growing up is... I wish I'd known more about investing in stocks earlier.

FT: How do you invest now, Jean? Is it mostly just through your portfolio? You're not day trading, or anything?

JC: Oh God, no.

FT: Yeah, yeah, you're just...

JC: No, no, no. Well, for me, boring is really better, low cost, low fee, low transaction. And I do have a financial advisor who I rely on for overarching advice, because I think even people like us, we wouldn't be our own doctors. Having somebody else look at it is really valuable.

FT: I agree. I agree. I have my financial advisor too, and yeah, she helps with the estate planning, overarching decisions, just keeps... And what I love is that she coordinates appointments between me and her and my husband, so... Neither one of us really wants to schedule this on our own. She drives that ship and it's really helpful. "When I donate money I like to give to 'blank', because... "

JC: I like to give to The Children's Heart Fund, because my son was born with a congenital heart defect and we still need a lot of research in that area. And I like to give to the University of Pennsylvania because I am really grateful for all that I learned there.

FT: Yes. And you have a... Didn't you also have a scholarship there, or a program?

JC: We have a program called the Nora Magid Mentorship Prize, where we helped kids who are interested in getting into journalism. There are not enough of them at Penn, but help them find jobs, which is what this woman, this Professor Nora Magid, did for all of us.

FT: Amazing. And finally, "I'm So money. I'm Jean Chatzky and I'm So Money, because... "

JC: I walk the talk.

FT: You do, and we love hearing you, and seeing you, and thank you so much for being on my inaugural podcast. [chuckle] I am very, very fortunate. And tell us where we can learn more about you and follow you.

JC: You can follow me at Jean Chatzky, and learn more at jeanchatzky.com.

FT: Awesome. Thank you so much, and Happy New Year to you and your family.

JC: To you, too.