

YOUR MONEY

Forming a Club to Share Financial Wisdom



Bayne Stanley for The New York Times

Five women in Vancouver, British Columbia, formed a money club called the Smart Cookies and wrote a book about their experiences.

By RON LIEBER Published: October 31, 2008

Mortgage brokers deserve their fair share of blame for the foreclosures haunting the housing market right now. And plenty of banks allowed too many people to take on too much debt.

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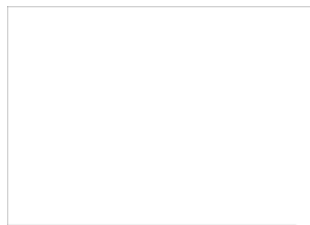
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But it was individual consumers who ultimately took on those loans. So as we consider how to avoid this collective financial mess again, one question keeps rolling around in my head: How much better off would the world be right now if people had their own personal finance committee to consult before making big money decisions?

I've long lamented the fact that there aren't as many money clubs as there are book clubs. Plenty of us would be more successful in meeting our financial goals if we met regularly with a small group of like-minded people to lay our finances bare, from incomes to debt to our spending foibles. It would be one part Debtors Anonymous and one part Weight Watchers, a bit like the investment clubs that were popular in the 1990s but with every part of our financial lives under the microscope.

What I didn't do, but should have, was try to inspire an international movement around the idea. That's what five women from Vancouver are trying to do with their new book, "[The Smart Cookies' Guide to Making More Dough](#)" (Delacorte Press), and Web site, [smartcookies.com](#).

Much of the book offers fairly basic financial advice, and it will probably resonate best with young women. The silly name, meanwhile, might turn off serious-minded people.

But that would be too bad, because theirs is a story of guts and grit, of five women who leaned on one another to rein

in individual money habits that were fairly destructive.

Their example ought to be enough to inspire others to form or join money clubs, though this isn't the first time that people have suggested it. An organization called the Women's Institute for Financial Education already holds a trademark on the term "[money club](#)" and has [helped people form them](#) in the past.

So why hasn't the movement taken hold? Many people are afraid of admitting their financial cluelessness to others, or they're ashamed of their bad decisions. Plenty of others are simply uncomfortable talking about the topic. Money is the last taboo, even when sex or your shrink is fair game for polite conversation.

But now should be the time when we all get over our hang-ups and join the emerging national conversation about our borrowing and spending habits.

The five women in Vancouver started their own conversation in March 2006. Andrea Baxter, who worked in marketing, had run up \$18,000 in debt beyond her mortgage. (One of her creditors eventually turned her account over to a collection agency.)

Ms. Baxter happened to see an episode of "The [Oprah Winfrey Show](#)" about going on a [debt diet](#) and she recruited others to slim down with her. Four others eventually signed on, including two colleagues from work. "It was scary to go and tell them what my financial situation was at the time," she said. "I thought they would think less of me."

Indeed, a younger colleague who joined the group, Sandra Hanna, was taken aback. "I'd

been blown away at how put together these girls were, with their designer sunglasses and the right purse," said Ms. Hanna, who was relatively new at the company at the time. "That was the biggest eye opener for me at the first money club meeting. Andrea presented this image of perfection, but she was a disaster."

Ms. Hanna had actually saved \$8,000 by living at home after graduating from college, but she blew through all of it once she moved out and had run up \$2,000 in credit card debt. "I was on track to be in Andrea's position," she said. Besides scaring Ms. Hanna into living within her means, the money group paid other dividends fairly quickly for her. She was the most junior of the three women from her company in the group, and knowing how much money the other two made gave her leverage when it came time to talk with her boss about a promotion. Once they shared the information with Ms. Hanna, however, they expected her to use it to stand up for herself.

"It makes my heart pound just to think about it now, but I knew I had to come back and tell the girls in the money group how that conversation went," she said. "Having that support, even sending me e-mails that morning, and then having someone to congratulate you when you've actually accomplished something is something you really look forward to."

There's something wonderfully subversive about this approach to salary negotiation, though it could have led to resentment had Ms. Hanna's boss not given her what she wanted. So if this seems dangerous, there is certainly no rule saying you need to form your money club with co-workers.

Here are a few other issues to consider before starting a club:

*What keeps you from talking about money with others? Write to [rliieber@nytimes.com](mailto:rliieber@nytimes.com).*

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