

ASHLEY FEINSTEIN GERSTLEY



FINANCIAL
Adulting

EVERYTHING YOU NEED TO
BE A FINANCIALLY CONFIDENT
AND CONSCIOUS ADULT

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*For anyone who has ever felt that the financial
world was not for them.*

This is for you.

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Preface

If anyone were to know about personal finance, you'd expect it to be me. I majored in finance in college (at Wharton) and then worked in finance. I learned a ton and I know that a lot of what I learned translates to what I do now. Yet, never once in college or in my time working in corporate finance did anyone talk about my own money – my personal finances.

As I went through my twenties and thirties, and was trying to “adult,” I continued to come across new financial systems I had to understand and navigate. First it was understanding how to put together a budget and afford life, then retirement and investing, then insurance and credit, then navigating finances with a partner and buying a home, and then planning financially to start a family. Each new milestone came with a system that was just as complex and opaque and daunting as the one before, even for someone who has a background in finance and helps people with their personal finances all day, every day.

Taking all this in took a lot of time, learning from mistakes (big and small) and seeing that each of these systems does not serve people equally. As a woman, and later a mother, I experienced differences from say, what my husband (a white man) experienced, but I also know that as far as women* and mothers go, I'm probably as lucky as they come.

Let's Talk About My Privilege

I am a white, nondisabled, cisgender, heterosexual, upper-middle-class woman, mother, and business owner, and I benefit greatly from intergenerational wealth.

Intergenerational wealth is any type of financial support provided by the generation(s) before you.

This is a tremendous privilege. It means that not only have I received financial support from family, but also that I have not had

*When I use the term *woman* or *women*, I am referring to anyone who identifies as a woman.

to support them. Having to support parents and grandparents is a financial reality for many.

Coming from an upper-middle-class family, there's a security in knowing that if something were to happen financially, I'd be okay. It's not necessarily a spoken-about safety net, but I know it exists. I know that if all else fails (or even kind of fails), I'll have a place to go (and it's probably a really nice place).

I graduated without student loan debt. My parents paid for my college education and my living expenses for those four years – and all the years leading up to it.

My parents gave me a monthly stipend the first year I moved out on my own in New York City as I adjusted to managing my own money. My husband, Justin, and I had our wedding paid for by our parents, and our parents have given us gifts to support us in everything from our first home purchase to helping pay for our children's school to taking us on vacations.

Why Do I Share All This?

First and foremost, most don't share my privilege. Intergenerational wealth, or even the opportunity to build intergenerational wealth, has not been available to much of the population, especially BIPOC[†] families. I cover this in detail in Chapter 2.

At the same time, I have so much gratitude for our parents – for their generosity and what they've been able to build and share with us. I hope to be able to support my children in similar ways.

Despite all my privilege and finance background, being a financial adult was really challenging. As I experienced predatory insurance sales (more on this in Chapter 10), came across credit repair scams (Chapter 12), or try to navigate childcare as a working mom (Chapter 4), what comes up, over and over again, is that if it's this challenging for me, I can only imagine how challenging it is for others who don't share that privilege.

Privilege has to be part of the personal finance conversation. We can't pretend we're all starting from the same place – we're not.

[†]When I use the term BIPOC, I am referring to Black, Indigenous, and People of Color.

We have to call out our privilege or this is never going to change. It's not okay to attribute our financial success to our individual actions alone.

JEWS AND MONEY

As a proud Jewish woman writing a book about money, I want to address one of the most common forms of antisemitism: economic libel. This is the accusation and conspiracy theory that Jews are obsessed with money, are all rich, and control the world's finances. These very damaging stereotypes and tropes are used to demonize and dehumanize the Jewish people and delegitimize their human experience.

Although economic libel started much earlier, it was intensified during the Middle Ages when the Church outlawed "usury," the act of lending money for interest. Jews, who were restricted from most other professions, were essentially funneled into professions that dealt with finances (because they were outlawed to Christians). This was out of necessity, not choice.

I've seen a rise in antisemitism across the political spectrum. Given conspiracy theories about "Jewish privilege" (a concept championed by former KKK leader David Duke), I was even hesitant to use the word *privilege* in this book. As financial adults we need to beware of misinformation no matter where it's coming from. We need to challenge our own beliefs about money but also our beliefs about other people and money. I've included more resources in the Financial Adulting toolkit (financialadultingbook.com).

While being Jewish in and of itself is not a privilege, Jewish people who pass as white benefit from white-dominant culture. Jewish people who are not white-passing experience the discrimination and racism that comes with being a person of color. I talk about intersectionality in Chapter 2.

I'm Hopeful

Despite all the problems, I'm hopeful. If I weren't hopeful, I wouldn't be writing this book.

I see the personal finance conversation changing. I see more and more people uncovering and talking about what's wrong with our

financial systems. I see personal finance educators and creators of all different races/ethnicities, economic backgrounds, and perspectives having these conversations.

I see more and more new companies popping up that aim to solve financial inequalities and serve people with transparency and integrity. I see companies that already exist shifting and learning.

I'm hopeful.

I'm Learning

I've been a money coach for over 10 years, but in the past couple of years I've realized that I've been providing financial education tainted by my privilege and experience. I was a white feminist working for the equality of white women and because of my privilege and ignorance, I didn't even realize it.

I've been doing the work ever since. Feminism is for *all* women and while it gets a radical rap, it is just the belief that women and men are equal and should be treated that way. Shocking, I know. We all should be feminists. Despite how obvious it sounds, we have a long way to go until women, and especially women of color, experience our financial systems equally or fairly. I have had the opportunity to learn from the example and wisdom of many incredible intersectional feminists and personal finance experts and you'll see that I feature many of their voices in this book.

So this book will be different. This book is a personal finance how-to (on lots of topics) with a look at some of the inequalities in our system and a sprinkle of exposé – because as financial adults we have to learn to navigate the systems we've got but also want to understand where they are unfair so we can use the privilege we have to change them. We can continue to do the work together.

I'm excited for you to join me on this journey.

CHAPTER 1

What Is a Financial Adult?

When I graduated college and started working in my first (and my second) job, I was far from being what I would consider a financial adult. One might expect that we would start acting like financial adults as soon as we get our first paycheck or move out on our own, but for most of us, it doesn't come until later (sometimes much, much later).

What I've noticed from my own experience, and hearing from thousands of others about their money lives, is that there is usually some type of impetus for becoming a financial adult. Something happens that causes us to care about our finances. It might be wanting to switch careers, getting into a new exciting relationship, or watching a close family member suffer through a traumatic financial experience, but something happens that inspires us to take action.

Now, it's important to acknowledge that the opportunity to *not* be a financial adult comes with tremendous privilege. Many people, much younger than legal adult age, have had to become financial adults due to stressful economic circumstances, systemic inequities, and poverty. In those cases, waiting for inspiration to become a financial adult was not an option. We talk more about this later.

Why Aren't We Financial Adulting?

When I give talks, I often poll the room of people and say, "Raise your hand if you think you *should* know more about money and

personal finance.” It doesn’t matter who is in the crowd, almost every hand goes up – *every* time. This even happens when I’m speaking at a bank. And I get it. I was one of those people who worked at a bank and didn’t know anything about my own finances.

When it comes to money and personal finance, most of us feel ashamed that we don’t know more and haven’t made as much progress as we’d like toward our goals.

Missed Out on Early Basics

But the truth is, we are not set up for success. Most of us didn’t learn about personal finance in school and unless a parent or mentor went out of their way to teach us about money, we probably didn’t even learn about it growing up.

Talking to parents, I discovered that this was far from a malicious choice. Many found dealing with money so stressful that they didn’t want to burden their children with that stress before they needed to. Others thought that they had made so many mistakes, who were they to teach their kids about money?

Regardless of our backgrounds and upbringings, we get to a certain place in our lives where we have to deal with money almost every single day. Yet most of us have learned very little about it and it can feel too taboo to bring up our questions, even to our closest friends and family.

Not to mention, many come from families where they are the financial first, like first generation. The financial first to go to college and navigate paying the tuition bills that come with. The financial first to have a W-2 salary and a 401(k) as part of their compensation package.

You might even have an early memory where you asked someone like a parent or teacher a question about money and they shut you down: “Oh, we don’t talk about that,” “You can’t ask questions like that,” or “I don’t know, I don’t handle that.”

From these experiences, you end up internalizing the idea that money is an inaccessible or shameful thing, and not to be talked about and discussed. You probably make some major assumptions about money – that it’s bad, not for you, or something only greedy people care about. When it’s time to engage with your own money, you bring

these beliefs with you and they have a great impact on your relationship with money.

It might sound weird, but we have a relationship with money just like we have a relationship with a friend or colleague, in how we interact and relate to it. When we believe money is shameful and greedy, we might avoid dealing with it. Imagine if you treated your best friend the way you treat your money. I'm sure she wouldn't appreciate being ghosted!

Unsure of Where to Get Help

When it's time to figure out something in our financial lives, we probably start by googling (I know I did). I found pages and pages of results and resources with contradicting evidence and advice, often shaming me for my choices. I decided it might be easier to ask a financial professional or expert, but it was hard to know how to find someone and whom to trust.

The financial services industry is the least trusted of any other industry. Only 2% of people really trust financial professionals¹ – and for good reason! We hear horror stories from friends and see media coverage of the terrible things that happen. Between 2005 and 2015, 87,000 financial advisors (7% of them)² were disciplined for misconduct or fraud. And that's just the ones who were caught.

Then there's the natural conflict of interest we feel in our own interactions with financial professionals. The people who are supposed to be educating us are the same people who are selling us things, and they earn big commissions from those sales. This can lead to a lot of misinformation and recommendations that are not in our best interest.

Don't even get me started on the jargon and unnecessary complexity that's been perpetuated to keep the majority of the population out of the conversation.

Money Is Tied to Emotion

Money is also really emotional and in a lot of ways is very similar to food. I believe food and money are so similar that I wrote a book called *The 30-Day Money Cleanse*, which applies the principles of a juice cleanse to budgeting and developing our money mindset.

Sometimes we know exactly what we *should* be doing to reach our goals but really struggle to follow through on those actions. Nutritionists say, “Only eat until you’re full” or “Weight loss is just about calories in minus calories out.” This all sounds simple but if it were actually that straightforward, there wouldn’t be a multibillion-dollar dieting industry.

One of the reasons money is so emotionally charged is that it comes with a lot of promise. If I could just pay off my credit card debt, I would finally get ahead of my expenses. If I could afford that vacation to Tahiti, I’d feel so much more fulfilled and refreshed. If I could purchase a home, I’d feel much more financially stable.

Money means different things to different people, but having it (versus not having it) makes a tremendous difference in our lives. Don’t let anyone tell you otherwise.

Companies use this emotional pull to sell us things. Ads promise that if we just buy this one thing, we’ll finally feel smart enough, beautiful enough, like we belong, or [insert desire here]. Brands play off our emotions to get into our wallets. They spend millions of dollars to do it, know way too much about us, and are absolutely brilliant at selling us things.

Because of everything we have working against us, financial experts who spout shame and fear drive me nuts. The system is rigged; so many other industries (financial services, credit cards, retail) benefit when we make financial missteps or choices that don’t align with our best interest. To ignore that is ignorant and unhelpful.

It’s Easy Not to Think About Money

Technology has also played a part in keeping us from financial adulthood. Back in the day, people had to use cash or write a check (and then balance their checkbooks). While technology has made our lives much more convenient, it’s also made it a lot easier to lose track of where our money is going.

We hop in and out of Lyfts without actually having to pay, we click one button and the next day packages show up at our door, and we swipe our credit cards, which feels very different than handing over a wad of \$20 bills.

Then There's Oppression

Not to mention the systemic racial and gender gaps that affect every aspect of our financial lives. Women, and much more so, women of color and moms, earn far less for the same work than white men. They have to pay more for the same things (it's called the pink tax), pay higher rates for credit despite having the same or better profiles, and face discrimination in the workplace.

The Black and Indigenous communities have been stripped of wealth over and over again through policy and theft since the United States was built on the free labor of the enslaved. This, along with policy and discrimination, has created the vast racial wealth gap in the United States.

If you are BIPOC, you carry generations of oppression into your financial life.

But There Is Good News . . .

All this is to say, it's no wonder we're not feeling like financial adults! We have so much working against us when it comes to our finances. We need to show ourselves some grace and understanding as we navigate a financial world that's not built for us.

Did my rant resonate? What are some reasons you might not feel like a financial adult *yet*?

Read over your list from this exercise. This is really important.

If you are still punishing yourself for your past financial mistakes after reading all this, go back and read it again!

Despite all of that (and I know it's a lot), I'm still a financial optimist. Understanding what we have working against us is actually the best strategy to know how to move forward. There are specific actions we can take and shifts we can make as individuals to improve our financial lives and overcome many of these roadblocks.

We can understand and champion the changes we need to see at the top, all the while taking action in our own lives.

We can go from financial hot mess to financial adult and I'm here to show you exactly how to do it. I've seen thousands of people transform their financial well-being and bring others with them, one step at a time.

So, What Exactly Is a Financial Adult?

Being a financial adult is a lot less daunting than it sounds. It doesn't mean you know everything about money or never make any mistakes. I still make mistakes all the time. We're each on our own money journeys and will continue to grow, learn, and make mistakes. It's all part of the "fun."

Being a financial adult can actually be easy and straightforward. That doesn't mean you won't have to dedicate some time and put in some work, but it doesn't have to be a struggle. And it certainly doesn't mean that you have to give up your current lifestyle in exchange for your financial future. Personal finance is, as the name suggests, personal.

This is also a completely judgment-free zone. Yes, I'm talking no judgment from our experts and educators but also, as much as possible, from ourselves, too. I know, easier said than done. But we'll work on that.

After going through this book you will be a confident and conscious financial adult. Here's what that means.

A Financial Adult Takes Small, Consistent Steps That Add Up to Big Results

When it comes to improving our financial lives, action is everything. We can learn and read about money all day, every day, but until we take action, it won't meaningfully impact our lives.

What I find has the biggest impact is taking small consistent steps over time. Not only does that make change a lot more manageable

(and easy), we start to see results and that builds our motivation. This inspires us to take more steps and our results become exponential.

So it's a win-win. Small steps make it easy but also lead to big results. This financial adulting program will provide you with the small steps needed to get there.

A Financial Adult Understands What's Happening with Their Money

This one might sound simple but it's actually tremendously powerful and profound. Understanding what's happening with your money means you know what's coming in and where your money is going, whether that's where you're spending it or how you are allocating it toward your goals.

As a financial adult, you have a clear picture of what you have and where you have it, and understand what's happening with your investments (including your retirement).

We have a tendency not to want to know what's happening with our money. We might be afraid of what we'll find, thinking it will be less stressful to not know and remain unaware. But until we know what's happening, we can't do anything about it. And there's no power in that.

Once we know what's happening with our money, we can make conscious and intentional choices. We can make sure our finances align with our goals and what's most important to us. We can choose to support organizations and causes we believe in and vote for our values with each dollar we spend and invest.

Clarity and awareness give us choices. And that's exactly what we need before we can make a plan. I feel a sigh of relief already!

A Financial Adult Feels Confident in Their Financial Plans, Knowing They Will Get to Have and Experience What They Want in Life (Which Is the Whole Point of Having Money Anyway!)

This one is a biggie! Financial plans often get a bad rap. We think of financial plans, especially budgets, as being overly restricting or

limiting our fun. That's why we understandably avoid making them. But that comes at a really high cost.

Having a financial plan actually does the opposite of restricting us. It gives us peace of mind. Can you imagine knowing exactly how and by when you will reach your financial goals? Now imagine that you can also build in the things that make you really happy. You can spend on the nonessential things you really want without feeling guilty because it's all part of the plan.

Now we're talking.

A Financial Adult Understands the Critical Context of Equity and Personal Finance, Recognizes That Privilege Can and Should Be Used to Help Close Racial and Gender Wealth Gaps, or Realizes That They May Be Starting at a Disadvantage Due to Historic and Systemic Obstacles

We can't talk about personal finance without talking about equity. While much of the work you'll be doing in this book is about transforming your own financial well-being, that doesn't mean there aren't systemic inequities at work.

We don't start on an equal playing field. BIPOC communities face significant disadvantages compared to white communities, LGBTQ+* communities face discrimination and costs that straight communities don't, women are not on an equal playing field to men, and BIPOC women, specifically Black women, Latinas, Native women, and mothers, face both systemic racism and sexism. There are racial and gender gaps in earning, debt, investing, homeownership, and the list goes on and on.

Financial adults understand this critical context and recognize that their privilege can and should be used to help close racial and gender wealth gaps. Financial adults also understand they may be coming from a place of disadvantage due to historic and systemic obstacles.

*When I use the term *LGBTQ+*, I am referring to anyone who identifies as Lesbian, Gay, Bisexual, Transgender, Queer, Questioning, and any other sexual identities.

I am by no means an expert and still have a lot of learning to do, which is why I'm excited to turn to the experts in the coming chapters in this book. What I do know is that the more BIPOC, feminist, and anti-racist people who build individual wealth, the more we'll see the institutional changes, changes in leadership, and changes in policy we want to see.

Time to Get Started

That's it. That's what it means to be a financial adult. Doesn't it sound powerful?

I do this work because I know that when more feminists are financial adulting and can build meaningful wealth (yes, I want you to be wealthy!), we'll solve many (if not most!) of the problems we face in the world.

The following pages take you through how to get there step by step, exercise by exercise. There is space to work through the exercises in the book but you can also fill them out in a separate notebook if you don't like writing in books or are going through a second (or third) time. I'm a big believer in action so you'll also find a checklist of action steps at the end of each chapter. I reference additional resources and goodies throughout the book that you can get at financialadultingbook.com. There are also special callouts with specific tips and ideas for those navigating financial adulting with a partner.

I definitely recommend reading the book from start to finish but I hope it also serves as a resource you can come back to again and again.

When it's time to revisit your 401(k), you can turn to Chapter 7 for everything you need to know. When you are ready to start negotiating your next promotion (hint: start ASAP), you can revisit the exercises in Chapter 4.

And when your bestie asks you how you got so confident about your money, you can send her a copy of this book so you can be financial adults together (see the power of accountability in Chapter 14). Isn't that why you have a gift budget in your financial plan (Chapter 5)?

Okay, here we go! Happy financial adulting!

CHAPTER 2

Equity and Personal Finance

You might be wondering why a chapter on equity comes before any of the financial how-to in a personal finance book. After reading this, I hope you'll wonder why it's not the first thing covered in every single personal finance book.

Because, when the minimum wage has been \$7.25 since 2009 while prices of goods have gone up 27% since then,¹ it doesn't matter how well you budget.

When you have an overall racial wealth disparity of 8 to 1,² and a gender wealth disparity of 3 to 1 for women, 50 to 1 for Black women, and 100 to 1 for Latinas,³ explained by the enslavement of Black people and systemic oppression, that's not going to be resolved by investing alone.

When mothers are paid 30% less,⁴ just for being mothers, are offered no paid leave, and childcare prices are astronomical, women continue to struggle and those who can drop out of the workforce by the millions.

The Idea That You Can Pull Yourself Up by Your Bootstraps Is a Scam

Black people are paid less, the things they own are worth less, but then you tell me to pull myself up by my bootstraps.

—Tiffany Aliche, The Budgetnista

Oof. This quote stuck with me during our interview. Tiffany Aliche (a.k.a. The Budgetnista) is a financial educator, bestselling author of *Get Good With Money*, and a Black woman. You'll be hearing a lot more from her (you're welcome). I was very intentional about featuring different voices, ethnicities, economic backgrounds, perspectives, and expertise throughout this book. Know that these are people I respect immensely. These are people I was giddy to interview. These are people I consider my financial adulting leaders and friends. You can find a list of where to follow and connect with each of them in the Financial Adulting toolkit (financialadultingbook.com).

Okay, back to scams. I repeat, telling people to pull themselves up by their bootstraps is a scam.

Financial education is important and we'll get into why and what that needs to look like, but until we see real significant changes from the top – I'm talking changes in government and corporate policy – financial literacy can't and won't solve our problems.

Mehrsa Baradaran, author of *The Color of Money* and professor at UC Irvine, shares, "I wrote my book to debunk the myth that you can leave the systems of credit, banking, and federal policy intact and you alone or your community can accumulate wealth, work hard, save your money, and close the wealth gap. Of course it works in individual cases but we take these individual cases and exceptions and make rules of them."

In our interview, Dasha Kennedy, financial activist and founder of The Broke Black Girl, shared about the link between politics and personal finance:

When people say leave politics out of money, there's no way to do that. When how I pay taxes is decided through policy, how much I'm going to pay in childcare is decided through policy, how my kids' schools are funded is decided through policy, and how much I'm going to be paid is decided through policy, we can't leave that out. And to even think that that's possible comes from a place of privilege. If you have an overflow of money and access to capital, policy

probably really doesn't matter to you because you have your saving grace. But for me, I have to care about those things because it impacts my money.

That's why when people say they educate about personal finance but "stay out of politics," it's complete BS.* Policy is critical and completely intertwined with our financial lives.

Financial adults understand the smart money moves they can make, but they also understand and advocate for the changes that need to be made at the top.

I am a white, upper-middle-class, cisgender, heterosexual, nondisabled woman. And as a financial adult, I'm going to use that privilege to bring all other women up with me. I can't call myself a feminist or anti-racist if I don't believe and care about equality for all women.

Not to mention (and this is just icing on the cake), it's what's best for all people: our wallets, our planet, everything. As Sallie Krawcheck, the co-founder and CEO of Ellevest, says, "Nothing bad happens when women have more money." And I bet she wouldn't disagree with me taking it a step further and saying, the world changes for the better. Much better.

The Racial Wealth Gap

Farnoosh Torabi, financial expert and host of the *So Money* podcast, calls the racial wealth gap a "wealth chasm," because that's more reflective of the size of the gap.

So what is this wealth chasm? Mehrsa explains that "across every income and education level, there's a massive racial wealth gap." The average white family has a median net worth of \$188,200 compared with \$24,100 for Black families, \$36,100 for Hispanic families, and \$74,500 for groups of all other races/ethnicities.⁵ Dasha shares that the richest 400 Americans have more wealth than all the Black households in the United States combined. That's the chasm.

Let's break it down in numbers.

*When I say BS, I mean *bullshit*.

	Net Worth
White	\$188,200
Black	\$24,100
Hispanic	\$36,100
Other*	\$74,500

Disparities in Wealth Gap by Race and Ethnicity

*Other families – a diverse group that includes those identifying as Asian, American Indian, Alaska Native, Native Hawaiian, Pacific Islander, other race, and all respondents reporting more than one racial identification – have lower wealth than white families but higher wealth than Black and Hispanic families.

Source: Federal Reserve Board, 2019 Survey of Consumer Finances.

Because the “Other” category includes such a diverse group, it’s important to note that there are large wealth disparities within the Asian American Pacific Islander (AAPI) community. A 2016 study of Los Angeles showed that while Japanese, Asian Indian, and Chinese households had a higher median wealth than white households, Koreans, Vietnamese, and Filipinos had 15×, 6×, and 1.5× less wealth, respectively.⁶ As of 2000, American Indian households had a wealth gap to white households of 11×.⁷

These numbers were taken before the onset of the COVID-19 pandemic, which disproportionately impacted communities of color financially, so these numbers are most likely worse than the study indicates. Reports say that with current policies in place, it will take 228 years to close the gap.⁸

A Very Quick History Lesson (That We Missed in School)

The racial wealth gap in our country dates back to enslavement, when white America built its economy (and wealth) with the free labor of people who had been kidnapped and enslaved and when Indigenous

People were forced and displaced from their land, which was a tremendous loss of community wealth.

I didn't learn about most of this important history in school and I can only include a small glimpse in this book. To better understand the true scope of how policy after policy excluded and exploited BIPOC communities, I've included more resources in the Financial Adulting toolkit.

The 1862 Homestead Act

Through the Homestead Act, more than 270 million acres⁹ of land (10% of the United States),¹⁰ previously inhabited by Indigenous People, was sold (but really gifted for an extremely discounted price) to citizens and intended citizens for \$1.25¹¹ per acre (equivalent to about \$34¹² today!) in 1.6 million 160-acre plots. While there isn't much data on the race/ethnicity of homesteaders, it's believed that the overwhelming majority of plots went to white people. In the year 2000, the wealth of more than 46 million adults (25% of the United States) could be traced back to this policy.¹³

Freedman's Savings Bank

After the Civil War, in 1865, Freedman's Savings Bank was created by the U.S. government for those previously enslaved to deposit money and receive financial education. It's important to remember that previously enslaved Black people were starting with nothing, while white Americans had been building wealth for hundreds of years.

Henry Cooke, a white financier on the board of directors of the bank, used the bank's money to make speculative investments in railroads (Mehrso calls it the "subprime market of that time") and the bank eventually went under. More than 61,000 Black Americans lost \$72 million¹⁴ in today's money (over half the Black community's accumulated wealth) that was never recovered, despite the bank being protected by the federal government. This incident starts a distrust of the financial system that gets reinforced and lingers for hundreds of years.

Tulsa Race Massacre of 1921

In 1921, a very segregated Tulsa had a thriving business district that was often called Black Wall Street. Kevin Matthews II, founder of BuildingBread and a Tulsa native, shares: “A white mob burned and bombed the nation’s wealthiest Black neighborhood, killing an estimated 300 Black people, leaving 9,000 people homeless, destroying 1,200 businesses and causing between \$50 and \$100 million in property damage, all in 24 hours. The city then passed laws preventing people from building on land that was burned as a result of the massacre. Insurance companies labeled it a ‘riot’ to deny payments to Black people despite the fact that there were at least six airplanes used in the attack.”

The Federal Housing Administration (FHA)

The FHA was created as part of President Franklin D. Roosevelt’s New Deal, and insured and guaranteed all federal approved mortgage loans, which Mehrsa explains made them “easy, risk free, and abundant.”¹⁵ Mehrsa shares in her book, “If you could save a few thousand dollars, you could buy a house, build wealth, and become middle class.” And your new mortgage payment in the suburbs would probably be lower than your rent in the city. This opportunity was only available to those who met the “gold standard” – people who were white, middle class, and male. “Between 1934 and 1968 98% of FHA loans went to white Americans,” creating white suburbs and leaving Black Americans renting in redlined neighborhoods.

Redlining

Redlining was the Home Owners Loan Corporation (HOLC) system of maps that rated neighborhoods on their perceived risk and stability. On the maps, green areas, rated A, were “homogeneous and white” while red neighborhoods, rated D, were predominantly Black. Neighborhoods with African Americans or Latinos were automatically rated D (red) and were ineligible for mortgages. The FHA used these maps for their own lending process.