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>> This is Matt Raymond at the Library of Congress. Each year thousands of book lovers of all ages visit the nation's capital to celebrate the joys of reading and lifelong literacy at the National Book Festival sponsored by the Library of Congress and hosted by First Lady Laura Bush. Now, in its eighth year this free event held on the National Mall, Saturday September 27th, will spark readers' passion for learning as they interact with the nation's bestselling authors, illustrators and poets. Even if you can't attend the festival in person you can still participate online. These pre-recorded podcast interviews with well-known authors and other materials are available through the National Book Festival website at [www.loc.gov/bookfest](http://www.loc.gov/bookfest). And now I have the honor of talking with author and nationally syndicated, "Washington Post" journalist Michelle Singletary. Her Pulitzer Prize nominated column, "The Color of Money" is carried in almost 120 newspapers across the country and was recognized by the Society of American Business Editors and Writers last year as a best in business piece. She also hosts a live online chat on [www.washpost.com](http://www.washpost.com) and has a widely read electronic newsletter distributed by the, "Washington Post." She's a regular personal finance contributor for National Public Radio's afternoon program, "Day to Day" and frequently does live segments on major television network news programs. Her books include, "Spend Well Live Rich" and, "Your Money and Your Man." She's also a mother of three children who understands what it's like to live on a budget. Michelle, Ms. Singletary, thank you very much for joining us today.

>> Oh, it's my pleasure.

>> What can your readers and your fans expect to hear from you at the book festival this year?

>> Well, you know it couldn't be better timing unfortunately with all the things that are going on in the market. And I suspect it'll be one of the more popular sessions and rightfully so. I mean there is a lot going on right now and I want to talk to people about going back to the basics. That's really what my books are about, my column has always been about. Because I think as a country, as consumers, as individuals, homeowners that we need to go back to the basics and really look at how we're handling our money so that we can weather the kind of economic storms that are surely going to come. It's one now and it's going to come again. And so I just want to prepare people to deal with this when it does come.

>> I think peoples' perceptions about some of the troubles that have been plaguing Wall Street to an extent are perhaps a bit removed from their own daily lives. They see these large companies that are having problems, perhaps people losing their jobs and so forth on Wall Street. How does this affect the average person in their own pocketbook?

>> Well, you know all of what's happening now does directly affect us. With home values going down you may not be in mortgage trouble. But, I bet if you look your-- the market value of your home has gone down. At least it has in many areas of the country. We all know that food prices are up. Gas is up. I mean all of this directly affects us. When

companies, big companies fail and lay off people that makes other companies a little jittery. They're not going to hire as many. They're going to you know pull back on any expansions that they had so that might mean on your job you're not going to get that promotion you were hoping for or that raise that you were praying for. Your kid coming out of college is going to have a tougher time finding a job in this market. So, it does affect us. And if it doesn't directly, oh that's great for you. But, you need to prepare yourself and maybe other members of your family who will be affected by the crisis.

>> Is this some sort of-- is this is a longer term alignment that we're looking at? I mean there have been many books written lately about the rise of global competition. And really just some of the fundamentals of the market are changing and I think the-- certainly the scope of the federal reaction to this and the dollar amounts that have been discussed might lead people to think that.

>> You know it's definitely things are changing, but it's so funny. People are saying it's evolving. It actually is going back to the way it should have been. You know we are a credit nation. We love debt and that's what got us here. I mean there are a couple principles that we didn't follow that got us there. Debt was one of them and not diversifying, not hedging against all the things that happen. So, we have you know a time where people are not-- they're living beyond their means, both individuals and corporations and our government. And you know we've got people who are in love with debt. We were told to use debt as a tool and now we find that tool was a sledge hammer and many people are falling because of it. We were told you know what, don't care about what it costs to send your kids to school. Just go ahead and spend 40 or 50 or 60 or 70,000 dollars and borrow money to send your kids to school. You know what don't wait to save for that house. Just go ahead and get it and it'll-- the value will go up and you'll be able to refinance. I mean all of these things and if you roll back to a time when people lived within their means, because you know like I was-- grew up with my grandmother, she went through the depression so she always in good times and bad times always lived at a level so that when times got bad she would be able to survive. And when times were good she took the extra money to help her when times would get bad. So you know what, I hate to say this but it's good that we're going through this right now, because I think it's a wakeup call for a lot of us that we have to handle our money better.

>> Your grandmother is your role model, in particular in your book, "Spend Well and Live Rich" in terms of financial freedom and contentment I guess in one's own personal life. What can you tell us about her?

>> Well, you know I always tell people my grandmother was a cross between a guardian angel and a drill sergeant. [laughter] She was-- I mean I don't know many people who would take in five grandchildren and raise them on her own. Now, my grandfather was there, but he had some issues. He had some drinking problems so his paycheck didn't always come home. And yet she was able to raise us on you know a pitiful salary, but she saved. She went to work regularly. She never and I mean never paid a bill late and it was tough. I mean were there times that we didn't have-- you know we couldn't go back for seconds or thirds at meals, yea. Did I wear

the same dress to church a whole lot? Oh, yea. But, watching her handle her money I mean, I tell people she was the best financial planner I have ever come across and mind you, I know some very smart people in the many years that I've covered this. But, she did things in a basic way that set a life for her so that we would always have food on the table. We would have clothes on our backs. Not the latest greatest brand name stuff, but we'd have it there. And I watched how she handled her money and I modeled myself after that and hopefully trying to pass that wisdom off to others.

>> Your other book, "Your Money and Your Man" is specifically written for women. What compelled you to write that?

>> Well, you know it's funny. I tell people that, but if you're a guy don't be you know-- don't back away because of the title, because it's geared towards women but you certainly can get something out of it. You know I got a lot of emails or I've been getting a lot of emails over the years from women, single, married, going through a divorce who just were so frustrated because they couldn't handle their money well with their honey. And I mean just some of the emails had me laughing out loud. Some of them brought me to tears. You know couples breaking up, because they couldn't figure out how to merge their money. And some single women delaying making financial decisions, because they're waiting for Prince Charming to ride you know on his horse to save her. And I said, "Listen, he may show up with his horse, but the horse is probably leased and probably owes somebody some money." So, if you want to get your financial life together you got to do it now and not wait for Prince Charming. So, I wanted to write a book that took you through all the various stages of a relationship from being single and that's okay, to dating, to being engaged to married and unfortunately, if you're going through a divorce, and how should you handle your money through all those stages.

>> Now, at the risk of being too broadly general here. Are there differences or similarities between the genders in terms of their spending? Is it harder for one gender or another to be more financially responsible?

>> You know I mean there's studies that have shown that there is just a little bit of difference. I mean it's interesting, we think for the man is the breadwinner, but in a lot of studies just show that women end being the treasurer in their family households. But, what I've found it that this-- you know men and women spend and save pretty much the same way. Now, what they spend on may differ. I mean maybe women have you know more clothes and shoes and guys spend money on electronic equipment. But, at the end of the day the debt is still the same. They're still living paycheck to paycheck. What I've found though in the difference in the sexes is that there's just a great lack of communication and compromise, which is what my second book talks about, the importance of communication, establishing common goals and compromising. It never ceases to amaze me that couples will spend a year planning a wedding and in less than a couple hours, if that, talking about how they're going to handle their money for a lifetime. And then they get married and somehow they expect it to magically come together. You know couples who don't share how much they earn or they're hiding bank accounts or they're fearful so they don't merge their money together. I was talking to a

woman and she said you know I'm really scared about merging my money with my husband, having joint accounts. And I asked her, I said, "Do you sleep with this man every night?" And she looked at me, it's like yea of course, I sleep with my husband. I said, "So, in other words you go to sleep next to this person who could kill you in your sleep and yet you are afraid to merge your money with him." What does that say? And she just sort of looked at me and went wow, that's pretty deep. And that's all what I'm talking about. Listen to what we're doing. And so that book and a lot of what I write is trying to encourage couples to open up your financial book, open up your lives and see what's going on that keeps you from handling your money in a way that will make you have a lasting marriage.

>> You have a list of favorite quotes and a lot of them regard credit such as "our business is to have great credit and to use it little", which is from Thomas Jefferson. Is credit a particularly important area as far as you're concerned?

>> It is. And you know I have this phrase and I say it and I have to have all these qualifiers. Credit is evil. Now, I say that to all my kids. You ask my three kids. They'll go what is credit? It's evil. So, now what I'm-- and recognize that we all, many of us use credit. I use credit. But, I say that because I really want people to wake up to the fact that we are living the American dream on borrowed money. We are minimizing our lives by making minimum credit card payments.

>> Hmm.

>> And you've got to pull back on this. And I mean it almost sounds too simple for people to follow. But, if you can't pay that credit card bill off every month you are in trouble. If you are borrowing based on pay that you're going to get in the future you are in trouble. I mean really truly the-- one of the only things we should be borrowing for is a home, because in America most of us, the majority of us can't afford to pay cash for a home. Short of that we ought to be paying cash for a car. We ought to be saving to send our kids to college so they don't take on a ton of debt and that's not a very positive message. Maybe it is now, but it hasn't been for the last decade or so. And it's got to be a message that going forward that we listen, that credit and debt is bondage and we ought to be limiting the amount of bondage we put ourselves in.

>> What are some of the most difficult financial circumstances or maybe some of the most typical ones that you see when you counsel people?

>> You know I do a lot of counseling directly actually. I have a ministry through my church called Prosperity Partners. And we match people who are good with their money with people who have financial challenges. So, I'm right there and helping people with their budgets. And what I find is a lot of problems with managing the money that's coming in, a lot of cash flow issues, people spending more than they make. That's one thing. Overusing debt and just the other big, big thing is entitlement. We have the sense of entitlement that you know I work hard for it. I deserve that luxury car whether I can afford those payments long-term or not. And so those are really the three areas that I deal with quite a bit, debt and

not managing cash flow and the sense of entitlement. You are not, you are not entitled to an annual vacation if you can't pay cash for it. I'm sorry to tell you that. Your kid is not entitled to go a college where the tuition is 30,000 dollars a year and you don't even have a fraction of that money. I'm sorry to tell you that. Let them go to community college for two years and transfer to a four year university. But, to tell people that you would-- I'd slap their momma. [laughter]

>> You mentioned Prosperity Partners and my understanding is that this program brings together fiscally responsible mentors along with those who are in need of financial help. Tell us about some of the success stories that you've encountered there.

>> You're absolutely right. I actually modeled the program on AA, because they have sponsors and people kind of walk you along your journey and they're not necessarily financial planners or CPAs. These are people who have probably gone through some crisis themselves and come out and now know how to handle their money or at least show you and be there. So for example, we had a couple in Prosperity Partners. The husband worked for the Federal Government and he got his security clearance pulled and was in jeopardy of losing of his job, because they had so much debt. And this was such a stress on their family that they were near a divorce. And the wife joked that they hadn't filed for divorce, because they couldn't afford the filing fee. And so we matched them up with a wonderful senior partner who had gone through some issues herself. And within six months they had cleared up that debt. He had gotten his security clearance reinstated and they didn't get a divorce. I get teary eyed because--

>> Wow.

>> That-- I mean look at what we did in this ministry. We saved a marriage and a job. We had one young woman who had never saved a day in her life, just always spent her money. And at the end of the year she had saved thousands of dollars and was able to pay cash for her wedding. You know we have you know single people who were frustrated that they were shut out of the housing market and we showed them how to budget and try to save. And so all of the sudden they have a down payment for a house. You know I mean it's just the stories just come and come. It's just amazing and all we did was show them how to budget, cheer them on to get rid of that debt and just showed them that you know if you wait you can get the things that you want.

>> What are some of the things that you do in your household to save money? I think you know we're always looking for good examples and you know I think people wonder do you even take your own advice?

>> You know a lot of people ask that, because there are a lot of experts who give advice and when you really look behind the screen they-- it's like you know, "The Wizard of Oz?" You know the-- he wasn't really doing-- that he wasn't a wizard at all. Let me assure you I am the greatest penny pincher out there. Let me assure I live below my means, well below my means. You just talk to my children and they will attest to the fact that their mother is crazy. My oldest daughter who you know is-- she's so funny, because she gets the brunt of it, because she's the oldest. One

time she was going to a school fair or something and they were you know buying stuff. And I said, "Now, make sure you bargain and make sure you spend you know within your limit." And when she came back she had some items. I said, "Now, did you bargain?" Did you get a right price? And she looked at me. She says mommy I know more about money than any 12 year old my age, you know. Could you just stop telling me about all this money stuff? And I said, "You know what Olivia, it is my fulltime job to make sure you are a good steward over your money." To which she said to me well, can you make it your part time job? You know so I live what I preach, because I think I couldn't do it with integrity if I didn't.

>> Well, let's follow on with that a little bit. There are some who think maybe you're a little too tight with money. Is there a point where someone can become maybe a little bit too frugal?

>> Yea. You know there is a difference between a penny pincher and a miser. Now, I am not a miser and I don't endorse miserly ways. And the difference is a miser is not a generous person and they're-- like they're really penny-- what is it, pennywise, pound foolish. You know they're not really looking at long-term and I don't subscribe to that. You know my husband and I tithe 10 percent of our income. You know we believe in giving is the first thing you do with your money. You know we've helped nieces pay for college and things like that. So, I-- you know I believe in giving, but for the right thing and the right people and the right reasons. So, I use my money in areas that I value. And so it-- you know you have to be careful when you're a penny pincher that you don't drive your spouse or your children crazy. So, while my children probably will complain, the fact they don't have video games and they don't have all the latest greatest whatever is out there they do know that it's for a reason. And so if you ask my children they'll go we've got a college fund. My mom's going to send us to college without any debt. So, I get them to buy into why I'm so frugal and we use humor. And the other thing is we do budget in fun stuff. We take a two week vacation every single year and stay at a four or five star place. Now, we pay cash for it, but we live well. We order you know non-alcoholic daiquiris at the poolside. I let them do that. But, other times when we're home you know we're not going to eat out as much or they're not going to buy a lot of stuff so that we can do the things that we say we value in our life.

>> Well, is it okay for people to splurge from time to time? And I guess embedded in that question is, are there some allowances that people can make that are better than others?

>> It is definitely okay to splurge, but you have to budget for it and it has to be after a whole list of things are taken care of. For example, you know I have a cell phone and people are always trying to trip me up there, because I talk about not having cell phones especially for children and teens who don't have jobs. And they go well do you have a cell phone? And I said, "Yea I have a cell phone." Do you really want to go down this road with me, because let me tell you about my list. If you have an emergency fund, at least three to six months living expenses and have what I consider, I call it a life happens fund for the things in life that happen like car repairs and stuff like that, if you're saving for your retirement. If you have kids and you got a college fund that you

are funding well for them, if you have no debt other than your mortgage then you can splurge and you can have a cell phone, you can have this stuff. And if you can check all those things off then you can splurge. If you cannot then you are not ready to splurge. So, that's what I tell people. And I think it is important to building your budget to have a little bit of fun otherwise it's not going to really work. People are going to get discouraged and think why am I working for all of this. But, it has to come after all those things that I listed are checked off.

>> Now, you're debuting a new column in the magazine, "O at Home." Tell us a little bit about that if you could.

>> Yea. I'm very, very excited. My first column appeared in the fall issue of, "O at Home." It's a quarterly magazine and they came to me and asked me. They said they wanted a different voice for it and I'm really enjoying it so far. It focuses a lot about the home. So, my first you know column was about you know not using your home equity or the right way to use it. And I'm working on a column for the winter issue. Obviously you know the Oprah empire is just well done and very consumer oriented and focused and so I'm glad to be a part of it.

>> Well, between that and your column and radio and television, obviously a very busy schedule in addition to your family. What can you tell us is coming up next for you on the horizon?

>> Sleep. [laughter] You know I try to balance it all. It is a balancing act. But, I do you know put a lot things first. My priorities are definitely my faith and my family come above all of that. But, after that I think coming on the horizon I would like to do more television. I do have a show on TV One called, "Singletary Says" and we're doing hour specials like that. But, I'd like to get back to do episodic series, because I had a show where I went into peoples' homes and showed them how to do money. So, that's kind of what I'm looking for right now. And I've also-- in the works of my third book. I have a third book proposal out there on faith and finances, how to handle your money and to be good stewards over your money. And I'm really looking forward to that book. I think it'll help a lot of people.

>> Well, and we are looking forward to hearing more from you at the National Book Festival. Why do you think it's important to participate in the book festival?

>> Well, you know first of all my family is a family of readers. And my kids don't have video games so when they're in a car while other kids are you know beefing and whatever my kids are reading. And so we believe in reading. That's one of the areas where I think you should definitely splurge on. I'm looking-- I'm in my office right now and I'm looking at my piles and piles of books. And I think it's a fun way to get people engaged in conversation. We're going to have all kinds of different areas, you know children's areas and home and in my case finance. And what a wonderful, wonderful way to spend your Saturday you know looking at books and showing your children the importance of reading and then for yourself. And so I can't tell you how honored I am to be a part of this and encourage people to come down. [Background Music] And if you miss it,

pick up the book from the authors who are there, because it's-- I mean reading is so, so important and particularly for what's going on in the economy. You have to be well informed.

>> Well Michelle Singletary, we very much appreciate you taking time out of that busy schedule to talk with us today.

>> Oh, it's been my pleasure.

>> And again, we will hear more from you at the National Book Festival. That's Saturday September 27th on the National Mall from 10 a.m. to 5:30 p.m. The event is always free and open to the public, for more details and a complete list of participating authors you can visit [www.loc.gov/bookfest](http://www.loc.gov/bookfest). From the Library of Congress in Washington, D.C. this is Matt Raymond. Thank you for listening.

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