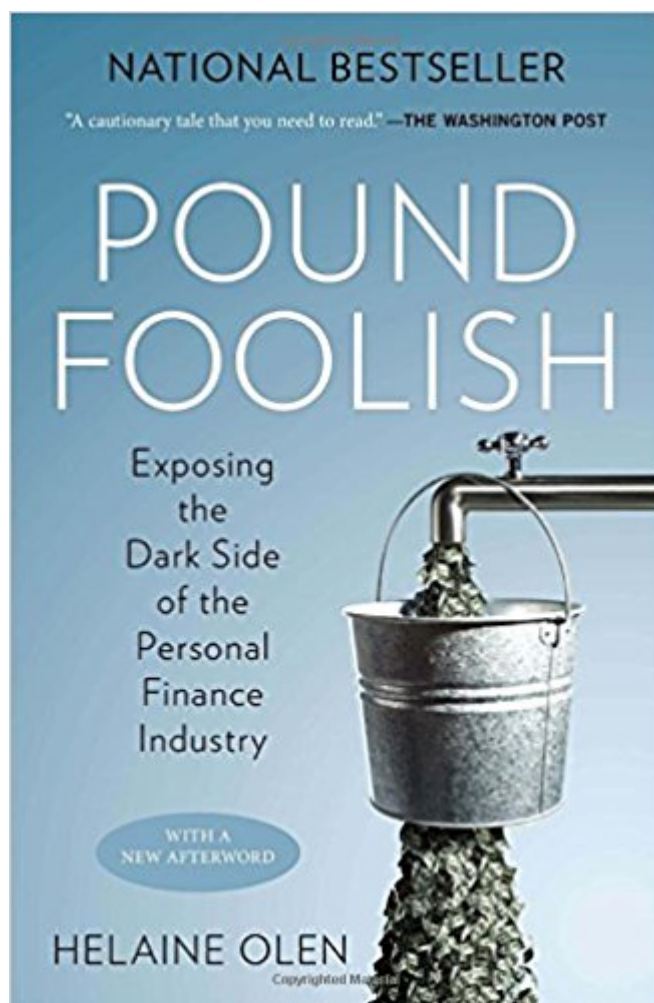


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# Pound Foolish: Exposing The Dark Side Of The Personal Finance Industry



## Synopsis

If you've ever bought a personal finance book, watched a TV show about stock picking, listened to a radio show about getting out of debt, or attended a seminar to help you plan for your retirement, you've probably heard some version of these quotes: "What's keeping you from being rich? In most cases, it is simply a lack of belief." • SUZE ORMAN, *The Courage to Be Rich* "Are you latte-ing away your financial future?" • DAVID BACH, *Smart Women Finish Rich* "I know you're capable of picking winning stocks and holding on to them." • JIM CRAMER, *Mad Money* They're common refrains among personal finance gurus. There's just one problem: those and many similar statements are false. For the past few decades, Americans have spent billions of dollars on personal finance products. As salaries have stagnated and companies have cut back on benefits, we've taken matters into our own hands, embracing the can-do attitude that if we're smart enough, we can overcome even daunting financial obstacles. But that's not true. In this meticulously reported and shocking book, journalist and former financial columnist Helaine Olen goes behind the curtain of the personal finance industry to expose the myths, contradictions, and outright lies it has perpetuated. She shows how an industry that started as a response to the Great Depression morphed into a behemoth that thrives by selling us products and services that offer little if any help. Olen calls out some of the biggest names in the business, revealing how even the most respected gurus have engaged in dubious, even deceitful, practices from accepting payments from banks and corporations in exchange for promoting certain products to blaming the victims of economic catastrophe for their own financial misfortune. *Pound Foolish* also disproves many myths about spending and saving, including: Small pleasures can bankrupt you: Gurus popularized the idea that cutting out lattes and other small expenditures could make us millionaires. But reducing our caffeine consumption will not offset our biggest expenses: housing, education, health care, and retirement. Disciplined investing will make you rich: Gurus also love to show how steady investing can turn modest savings into a huge nest egg at retirement. But these calculations assume a healthy market and a lifetime without any setbacks • two conditions that have no connection to the real world. Women need extra help managing money: Product pushers often target women, whose alleged financial ignorance supposedly leaves them especially at risk. In reality, women and men are both terrible at handling finances. Financial literacy classes will prevent future economic crises: Experts like to claim mandatory sessions on personal finance in school will cure many of our money ills. Not only is there little evidence this is true, the

entire movement is largely funded and promoted by the financial services sector. Weaving together original reporting, interviews with experts, and studies from disciplines ranging from behavioral economics to retirement planning, *Pound Foolish* is a compassionate and compelling book that will change the way we think and talk about our money.

## Book Information

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## Customer Reviews

“The personal finance and investment industry is a juggernaut, a part of both the ascendant financial services sector of our economy and the ever-booming self-help arena,” states Olen, personal finance writer. Readers learn about Sylvia Porter, whom Olen describes as the “mother of the personal financial industrial complex.” Porter, by the 1960s, had a daily column in which she explained stocks, bonds, and budgeting to millions of Americans. From that beginning mushroomed financial therapy (psychotherapy, life coaching, and financial planning), which originated in the 1970s and caught substantial media attention after the 2008 financial debacle. Explaining the shortcomings of financial therapy, the author cites bias toward individual demons, errors in comparing financial problems of the rich to those of average and poor Americans, and “a dysfunctional relationship with class, specifically the lack of class mobility in a country that prides itself on the American Dream.” This thought-provoking book alerts us to important issues in today’s postrecession economy and thus will enlighten many library patrons. --Mary Whaley --This text refers to the Hardcover edition.

It's rare to come across a realistic and readable book about personal finance. Most are laden with rosy promises, followed by acronyms and turgid advice. Helaine Olen, a freelance journalist, offers an exception with *Pound Foolish*.... It's a take-no-prisoners examination of the ways she says we have been scared, misled or bamboozled by those purporting to help us achieve financial security.

•The New York Times

“Have you ever met anyone who has grown rich just by saving? Probably not. But you may well have met someone who has grown rich looking after other people's savings. That dark secret lies at the heart of *Pound Foolish*, Helaine Olen's excellent book, a contemptuous exposé of the American personal-finance industry.

•The Economist

“A cautionary tale that you need to read.

•The Washington Post

“Disheveled dirt on the financialization of American life and the hordes of carrion-pickers who swarm us in the hope of lifting still more dollars from our pockets.

•Kirkus

“This thought-provoking book alerts us to important issues in today's post-recession economy.

•Booklist

“A highly readable antidote to the snake oil of the personal finance industry. Suze Orman, watch out!

•GREG CRITSER, author of *Fat Land*

“Wow, does personal financial advice need debunking. And Helaine Olen does it like an old master. Clear, witty, takes no prisoners, and right as hell. Olen will wake you up. There is no financial trick to make you rich.

•JEFF MADRICK, author of *The Age of Greed* and senior fellow at the Roosevelt Institute

“Helaine Olen explains in simple language why most Americans are never going to understand the myriad complexities of investing and borrowing, leaving us all vulnerable to being ripped off in oh so many ways. Combining thorough research with passionate writing, *Pound Foolish* tells us what to do to protect ourselves and our hard-earned money.

•DAVID CAY JOHNSTON, Pulitzer Prize-winning author of *The Fine Print*

“As Helaine Olen shows in this powerful exposé, personal finance is the ultimate oxymoron. The financial challenges that most Americans face are not simply personal—they reflect the failure of our polices and our leaders to tackle growing middle-class insecurity. And the advice that self-proclaimed money experts provide is far from sound finance. Too often, it's snake oil that only adds to the problem.

•JACOB S. HACKER, director of the Institution for Social and Policy Studies, Yale University, and author of *The Great Risk Shift*

“*Pound Foolish* is a fabulously well-reported, lucid, and witty tour of the train wreck that American finance has become. Olen has the rare ability to demystify the countless swindles and frauds that lately comprise the basic

operations of the investment scene. As a kind of bonus, she depicts with verve and intelligence the panoramic freak show of personalities who infest the money scene.

• JAMES HOWARD KUNSTLER, author of *The Geography of Nowhere* and *Too Much Magic* “In this gripping account, Helaine Olen pulls out the rug from under the finance industry, and does so in time for at least some of us to find alternative solutions to financial security.

• DOUGLAS RUSHKOFF, author of *Life Inc.* and *Present Shock* “The world of personal finance is an economic sideshow filled with illusionists, conjurers, and snake-oil salesmen of every stripe. Thankfully, Helaine Olen has spent enough time inside the circus to be able to guide us wisely and wittily through the hall of mirrors and come out smarter on the other end.

• JAMES LEDBETTER, opinion editor, Reuters, and author of *Unwarranted Influence* “The cult of personal finance sells itself and preys on pocketbooks with a wildly false message: that American middle class families only have themselves to blame for their economic troubles. With wit, simple math, and relentless sleuthing, Helaine Olen shows how the personal finance industry has led savers and investors astray, and what you can do to avoid its traps.

• ALYSSA KATZ, author of *Our Lot* From the Hardcover edition.

Very interesting book, highly recommended. We are being ripped off by the financial services industry and Helaine Olen explains how. She also explains how personal finance gurus like Suze Orman get rich blaming people for their own financial troubles. Your latte is not making you poor!

Ms. Olen has provided a well-written thesis and reporting about the financial services industry. It's one of those books that provides ideas that I re-think over and over and often sends me back to make sure I remember correctly what she said. She's a little hard on the people who provide personal financial advice (e.g. Dave Ramsey, Suze Ormann, Jane Bryan Quinn[?]). While some of their tactics are certainly better for their bottom lines than the people they purport to help, I believe she doesn't realize how much help people need. Her conclusion primarily rests on government offering a back-stop. While there may be validity in this idea, it seems unlikely to happen any time soon. In the meantime, we need the help of good financial writers offering personal financial advice.

A well-written book authored by a one-time personal advice columnist. In addition to profiling the big names of the personal finance business, the book does a good job of placing the personal finance boom within a broader historical and social context.

I was fascinated by the title - and the "Exposing of the Dark Side of the personal Finance industry". I believe a more apt title would have been a "A complaint about the Personal Finance Industry with no conclusion". The book goes through and blisters everyone from radio, TV, print, corporations, lobbyists - anyone who offers anything with the word "Financial". Her point is that their advice is worthless, they're out to scam you and you can never achieve any financial goals because the 'system' is against you --- unless you already have money. Then you are an evil 1%'er. She goes in depth in detailing Dave Ramsey's, Stanley's, Orman's words - but skims over the basis' Keynes, pension issues and the transition to 401k's, and the CRA Act? I gave it two stars because I think it worth a read if you are interested in reading a complaint book with a conclusion that we need to just have a "conversation". Also, I believe she is a good wordsmith, it is obvious she is practiced in the art. Her snarkiness missed with me because I did not think it was used appropriately, at the right time, and in the correct fashion. Snarkiness for snarkiness sake is not snarky. You will not learn anything from this book - just read a better review than this one and you can move on to your next book idea. The big finish, "Please let us begin a conversation about our money. From there all things will become possible."

I loved this book. I highly recommend this book for anyone who is wondering why they haven't saved enough, even after doing all the right things. It is also a great book to read before investing in anything, including 401K's. The outreach of financial institutions is too far reaching, and it shows how it starts when children are in school. The financial world is a very different place from when I was in my 20's and this book will walk you through what to stay away from. Too much greed and corruption, but I love when someone can see it, say it and prove it. I recommend this book for all ages.

Three cheers and Five Stars for Helaine Olen! After decades of being lied to by the personal finance industry and government, Helaine Olen finally shines a bright spotlight on the subject and calls BS on both of them. Before seeing anyone to help you with your finances it is best to understand their angle and how they see you first. The government has strapped us into this suicidal economic roller coaster ride, while the personal finance industry is trying to convince us all that it is our fault we are broke, and that we can only cure ourselves of this disease by paying whatever little money we have left to the same crooks that created the problem to begin with! The wolf is guarding the hen house, so if you are a hen watch out because the wolf is hungry and all the hens are on the menu!

A much-needed expose of the pretensions of self-styled "financial advisors" and "investment advisors". She exposes the widespread and misleading fantasy that the economic catastrophe we are experiencing can be solved by individuals acting alone, in isolation from one another, using their shrunken assets and income more wisely. Was there an individual solution to slavery? To the Great Depression of the 1930s?

I enjoyed the research and history in this book about personal finance and why it leaves us poor. Helaine Olen is up there with Barbara Ehrenreich's Nickel and Dimed. Unfortunately, I would have liked more of a personal story in this story about the evolution of the selling of personal finance to the American public. I appreciate that we all buy into the myth of Horatio Alger, but at the end of her book, she almost got it right. The fact is that we can't all be rich, and there is no mechanism out there--not education, not working for one company, not making a lot of investments, not buying a lot of houses, not doing the best you can as an entrepreneur and not pissing others off. The truth of the matter is, rich people want to keep their riches and will do any amount of smoke and mirrors to keep the imbalance working. There will be no bill, there will be no Yahoo site to make people rich. The owners of Amazon and Netflix are not altruists.

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