

Rachael DeLeon ([00:02](#)):

Welcome to Real Money Real Experts, a podcast where leading financial counseling and coaching experts share their stories, their challenges, and their advice for helping people manage money in the real world. I'm your host, Rachel De Leon, executive Director of the Association for Financial Counseling and Planning Education for A-F-C-P-E.

Dr. Mary Bell Carlson ([00:24](#)):

And I'm your co-host, Dr. Mary Bell Carlson, an accredited financial counselor, or a FC and the President of Financial Behavior Keynote Group. Every episode we're taking a deep dive in the topics that personal finance professionals care about, helping clients, building community, and your professional growth.

Rachael DeLeon ([00:44](#)):

The opinions of our podcast guests are their own, which means that their stories, views, or lived experiences may differ from yours or mine. However, the one thing you will always find on this show is a common thread. Our guests are passionate about helping people with their money to improve their lives, and they believe in upholding high standards for the clients and the communities that they serve. We encourage you to tune in to real money, real experts with open curiosity. Why? Because it's oftentimes in the conversations where viewpoints or stories differ from our own that we learn the most.

Dr. Mary Bell Carlson ([01:21](#)):

Wendy Delarosa is an assistant professor at the Wharton School, university of Pennsylvania, where she focuses on using behavioral science to improve consumers' financial wellbeing. She's interested in how people think about the resources and how these thoughts influence their saving spending and budgeting behaviors. Her award-winning research has been published in the Journal for Consumer Research and the Proceedings for the National Academy of Sciences. And she has been featured in the New York Times, the Wall Street Journal, CNN and NPR. Among others. Wendy is the co-creator and host of Ted's Your Money and Your Mind Series of Forbes 30 under 30 Finance Honoree, and a Paul and Daisy Soros fellow. She serves on the board of Code for America and Propel. Prior to joining Wharton, Wendy received her PhD from Stanford's Graduate School of Business and helps start Google's first behavioral economics unit. This November, Wendy joins us as a keynote presenter at the 2024 A-F-C-P-E Symposium in Columbus, Ohio, where she'll present on the ways we can use behavioral science to improve financial wellbeing. Welcome, Wendy to the show. Thanks

Wendy De La Rosa ([02:29](#)):

For having me. Excited to be here.

Rachael DeLeon ([02:31](#)):

Yeah, welcome Wendy. We're so excited to have you join us this November for the A-F-C-P-E Symposium. And one of the things we love to do is have our keynote guests on the podcast to just get to know you a little better before we hear from you later this year. So to start us off, tell us a little bit about how you got into this work.

Wendy De La Rosa ([02:51](#)):

So to be frank, it wasn't something that I thought I would be doing. It's something that looking back, I guess was always in my path or in my future. My family immigrated to the Bronx from the Dominican Republic when I was a young child. And I like to say that the lack of money was sort of this constant companion or you know, this fourth person at the dinner, at the dinner table. And when I went out into the world, it was so odd to me that people were so awkward about talking about money, that it was such a

taboo subject when every single life moment, important life moment is wrapped up around our finances. Whether you get married, you go off to college, you get divorced, you have a health challenge, you cities, every significant life change fundamentally wrapped up in our financial wellbeing. And yet for some reason we try to pretend as though it's not a thing. And for me, I just found that awkward. And after I started off my career in finance and I think after I got a little footing, was able to help my family, I took a breath and decided, well, I can finally follow my passion. This just turned out to be it.

Dr. Mary Bell Carlson ([04:05](#)):

And Wendy, I really like the fact that you say your family talked about money but didn't talk about money. I think that money is such a taboo in our lives and having conversations about it is how can we start to break that silo?

Wendy De La Rosa ([04:18](#)):

The first thing we have to recognize why there is that taboo in the first place and why we feel so much financial shame, right? I think in cultures and especially individualistic cultures and in the US in particular where we view financial success as such an individualistic pursuit, right? I am somebody who is successful, therefore I am somebody who's good with money, then we tend to internalize the opposite, right? I've made a financial mistake, therefore I am somebody who's not good with money. And when we start to internalize that, not thinking that we just made a mistake, but that's a, it's a fundamental trait of who we are, then we start to feel that financial shame. And what happens when we feel shame more so than any other sort of negative emotion, is that we turn inward and we stop talking about it. And it's sort of this downward spiral because as we all know, right, whenever we need help, we actually have to raise our hands and talk about it. But that is the weight, the literal weight of financial shame.

Rachael DeLeon ([05:19](#)):

You know, kind of digging in a little bit more to this idea around financial shame. You've done a lot of work and research in this area. What are some of the consequences that you see when we or individuals in general kind of turn inward? What do you see as some of the consequences of financial shame?

Wendy De La Rosa ([05:36](#)):

Well, the first, you know, going back to our first question, we don't even talk about it. We are more likely to know our friends entire dating history, all the drama and everything that comes with it, right? All of our sexual escapades, whatever, whatever the case may be. Our friends' political leaning, we don't know whether or not our friends have what their student loan balance is, right? Like we don't really have this conversation. It's not just even with our friends. I was recently made aware of a stat where more than half of engaged couples have not talked about their debts with their partners. Like, this is a person that you are about to say, yes, I wanna spend the rest of my life with you. And yet more than half of couples don't even discuss that. Like our feelings of shame have become so internalized in our society that not even with the person that we're supposed to trust the most, are we even having that conversation? So that's one. The second sort of consequence that comes out of financial shame, right, is that when you think that your financial situation is solely a product of who you are, then your view of the potential solutions that are out there for you or your ability to seek help decreases, right? Like who el who is going to help me if this is something fundamentally wrong with me versus I just made a mistake here. And that's okay. And I think the one thing that I want everybody to recognize is that we are living in a system where every company is getting smarter, faster, more efficient at getting us to part with our money, right? It's not like the ads are getting less enticing. It's not like, you know, the <inaudible> is getting less sophisticated. No. And so it's a story about basically us fighting against not just one Goliath, but hundreds of thousands of Goliaths, right? And there are very, very few institutions or organizations that are focused on helping us improve

our financial wellbeing. And the vast majority of the systems in place are incentivized to actually destroy our financial wellbeing.

Dr. Mary Bell Carlson ([07:48](#)):

And that gives us even more of a reason to need to talk about money, right? And have these conversations, especially in familial relationships. Can you give some practical tips that any of our listeners, including financial counselors and coaches could use to help the clients talk about money in family relationships?

Wendy De La Rosa ([08:06](#)):

Of course. So I'll share that the number one person who you need to be aligned with is the person that you have chosen to walk through life with, right? And so, whoever that person is in your life, that's the person that you should have what I call a financial date with. It is uncomfortable sometimes to talk about many, especially when there are income disparities, wealth disparities, liability disparities, until springing up a conversation on a taboo subject on someone is never comfortable. And so you wanna be able to give someone a heads up and say, Hey, we're gonna open up a bottle of wine, we're gonna eat some croissant <laugh>. Well let's talk about this. And you know, I think when I say this to people, they laugh as though it's so unrealistic. But when I was dating my husband, like in the first month that we were dating, we, we knew each other for a while, but I was like, Hey, I think we have something really good going on here. I wanna be frank with you. 'cause I think we have a future. I think you think we have a future. Let's open up our credit scores and discuss and we can then watch a movie after. And I think <laugh>, you know, he was taken aback by that a little bit, but it was so helpful because one, he found some things during our joint review that he didn't even know were there. Mm-Hmm. So it was fundamentally helpful for him. Two, we were able to get on the same page and say, oh, okay, great. Like we have both paid off our student loans. Amazing. So now we can focus on building. 'cause I didn't know that. You didn't know that about me. You had all these assumptions about me. We had no idea. Right? It was such a helpful conversation and, and I think it allowed us to really start building for the future because you can't build for the future on sand. You just can't.

Rachael DeLeon ([09:55](#)):

Wendy, you, can you talk to us a little bit? Are you working on any research right now? Or is there any, anything you can share that you're working on?

Wendy De La Rosa ([10:02](#)):

Always working on research <laugh>. We have a lab on financial wellbeing, and there's a couple of things that I think we are really excited to sort of share. One is, there's a, an entire movement recently on getting especially lower income workers to get paid every day or at the end of every shift instead of waiting every two weeks or every week. And I think at a cursory level, one would say, that's amazing. Like, why should a worker float a 0% interest loan to a large corporation? Right? <laugh> like, I worked today, I should earn today. And if our brains were com you know, weren't these like magical, complicated things that would say yes, but what we find in the lab, both, uh, like analyzing banking transactions and through a number of experiments in, in our, in our lab is what we find when people get paid every day, let's just say, and you and I both earn \$2,000 a month or \$4,000 a month. If I get paid every, every day versus every week or every two weeks, I feel like I have more money, I feel a little bit richer. And that in and of itself isn't bad. Right? We don't want everybody to be walking around the world constantly stressed about money. That's not the goal. But what happens is when you feel a little bit richer, then yeah, I can afford to eat out. Yeah. I can afford to eat out today. Yeah. I can afford to up do this upgrade. Yeah. I can afford to do this. And so we find that as a consequence of this increased subjective wealth, right, this perceptions of increased wealth, people end up spending more until they're more likely to overdraft or

more likely to incur bank fees. And so there are some potential really negative downstream consequences of this if people aren't made aware of it. I think the other sort of nefarious part of this is that depending on, you know, the setup that your employer has, people then pay 2 99 access your daily wages. And 2 99 doesn't seem like a lot of money. But if you're doing that every day, then you, and because of such short term loans, you are essentially paying upwards of 300% a PR. The math works out to be worse than a payday loan in a lot of cases. And that's, again, that's one of these like innovations where we don't, I think a lot of the times we don't have these systems in place to really think about how is the consumer being affected.

Dr. Mary Bell Carlson ([12:45](#)):

You know, one of the things you mentioned, Wendy, is subjective, financial wellbeing, how people feel about their money. Can you help better define for us, how important is subjective financial wellbeing in terms of better financial outcomes and behaviors?

Wendy De La Rosa ([13:00](#)):

Well, one of the things that we know is that your feelings about your money is more predictive. Like your subjective wealth is more predictive of your behaviors than your objective wealth. In other words, like your likelihood of spending, for example, is much more driven by whether or not you, you feel like you could afford to spend than whether or not you actually can afford to spend. Because again, we are human beings, right? Like our feelings and our emotions drive all sorts of our decisions, right? Financial decisions aren't sort of unique in that way. And so it's important for us to understand, I think as financial advisors or financial coaches, how does my client feel and how can I bring them closer to reality? I think we all know people who are really struggling financially and think that everything is okay. And that's, that's, that's not a great recipe for long-term success. But on the other hand, we know people who are doing really well. I think we all know people who are doing really well and constantly live in fear and stress because they feel like they're never doing good enough. Right. And that I think when we think about wellbeing in general, is also detrimental, right? The goal is for us to really live our lives, focus on what brings us happiness and not have to think about our finances day in and day out.

Dr. Mary Bell Carlson ([14:25](#)):

Absolutely. And I'm kind of chuckling 'cause as financial professionals we often think the best way to show people how to feel better is through a spreadsheet. Can you talk to us a bit about how effective showing someone just a spreadsheet or even a graph or something and says, okay, this is how you feel better. How does that actually affect their wellbeing?

Wendy De La Rosa ([14:43](#)):

Yeah. You know, it's so funny to me because one of the first things that you see on many financial platforms is net worth as the num. That's the number one. And for many people, I guess the vast majority of us consumers, they have negative net worth. So how is the conversation even going to go when the first thing you're showing somebody is you actually don't have any worth, like <laugh>, you know, like even, even, even the language that we use around us is so punitive and it's so, it, it's sort of individualized and internalized, right? Because again, once you start there, the focus is always on behavior. And you want to create an environment where people change their behaviors. The best thing that I think any financial coach can do is to recognize that people's motivation to change is the highest when they're in the room with you. It's not when they leave your office. Because when, as soon as they leave your office, guess what? Work happens, life happens, spouse happens, right? They have to take care of their children, they have to figure out how to deal with Debbie at work, right? They have to like, they have so many other people pulling at their time and resources that of course people wanna improve their financial wellbeing. But right now it's never the right time. And so if you need your client, for example, to increase their

retirement allocation, then the best way for them to do that mm-hmm. Is actually in your office with you so that they don't feel the level of financial shame so that you can actually walk them through the process, right? Like it's just like in school, people's motivation to act, right? Like when did you work hardest when you were doing your homework the night before it was due <laugh>.

Dr. Mary Bell Carlson ([16:34](#)):

Yeah.

Wendy De La Rosa ([16:36](#)):

And for whatever reason, we forget that in adulthood we just expect people to, well, I showed you a spreadsheet, here are the four things you need to go off and do

Dr. Mary Bell Carlson ([16:44](#)):

Now go do it. Yep,

Wendy De La Rosa ([16:45](#)):

Go do it. Goodbye

Dr. Mary Bell Carlson ([16:47](#)):

<laugh>, good luck. And

Wendy De La Rosa ([16:48](#)):

That is just, yes, that just hasn't worked. Yeah, yeah. It hasn't worked. If it was effective, we would have a large population that was financially stable and we don't, well,

Dr. Mary Bell Carlson ([16:59](#)):

And let's even go into this idea of you bring up net worth, right? And this number that we base a lot of things on, well, we also don't know there's a gender bias with that. We know that men typically feel more confident talking about higher net worth, but it's not the same for women. So my question to you is, how do we bring women into more financial conversations?

Wendy De La Rosa ([17:19](#)):

We have to recognize that there are observable differences between what we see in financial outcomes. One, women on average tend to live longer than men. And if you're in a heteronormative couple, then guess what that means that you have to figure out how to take care of yourself in retirement for eight additional years. Second is that Adrian Ward and John Lynch have this amazing paper that I absolutely love looking at people's financial literacy from the time that someone gets married to potentially death or divorce. And what they find is that most couples, and again, this is from a heteronormative perspective, but most couples enter a marriage with the same level of financial knowledge and financial literacy, which is amazing. But then what happens is that we tend to adopt this divide and conquer mentality, right? You'll handle X and I'll handle X, and whoever then handles the financial decision making, their financial literacy tends to increase over the course of that marriage. And the person who relinquish, right, all the financial duties like you handle the bills, you handle the investment, et cetera, et cetera. It's not that their financial literacy stays the same, it actually deteriorates over time. And so it, what we find just empirically is that that relinquishing of financial decision making tends to, women tend to relinquish that over to men. And so men become more financially illiterate, women become more financially illiterate, right? As they continue through the marriage. And then again, coupled with the fact that life happens,

whether it's death of divorce, but it, you know, let's just say assume it's death as an example, you now have a person that's less financially literate and has to manage those limited resources for eight more years. Like the, the consequences for women are just, the stakes are so much higher. On top of that, we have the earning gap and the the wage gap, right? Where women are earning 88 cents to a dollar on average. And then you have differences in risk taking and risk seeking, right? Where women just tend to be more risk averse. Now with that said, one of the things that we know by looking at female investors and hedge fund managers is that conditional investing, you actually have better performance, right? And so this is where the job of a financial advisor is to recognize that you have to meet your individual need there. There cannot be a one size fits all when we have such glaring disparities across gender and we haven't even touched race as an example, right?

Rachael DeLeon ([20:11](#)):

Yeah, that's so true. Wendy, I'm gonna pivot a little bit. You had a paper published this year about unveiling the adverse effects of artificial intelligence on financial decisions. How do you see AI influencing personal finance and in what ways can it help or hinder in helping people manage their money?

Wendy De La Rosa ([20:31](#)):

Well, so I wanna say that I am such a kind enthusiast, <laugh>, some people read that paper, they think I am not like I, in my household, we had a Star Trek telephone. That's how like geeky and nerdy, we were <laugh>. And so I am so excited about the potential for artificial intelligence to improve human wellbeing when we talk about medicine and the likelihood of AI helping us even identify cures for diseases that we didn't know existed. It is so exciting. I think the reason why we, Chris Beckler at University of Notre Dame and I wrote this paper, is to say that level of excitement is not exactly translated into the realm of financial wellbeing. Why? Right? When we think about where all the improvements are happening in ai, they're really sort of helping businesses become more efficient at generating revenue. And what does that mean? Basically it's just they're becoming better at getting you to spend your money. And we kind of talk through this through the four ways in which we think AI is going to impact the marketplace. So the first one is access, right? So AI would be great if it can increase our access to financial markets. One of the things that we do know is that when access to credit is given to people, when they're not ready for it, that is the number one way in which people get into trouble. Especially early on, right? When you give a young person a credit card too soon, right? When you give a young person loans that they don't really understand, right? We, we can think about our student loan crisis. And so, and there's been some really tragic examples of young people dying by suicide when they traded on margin on FinTech apps and couldn't understand what was happening.

Dr. Mary Bell Carlson ([22:33](#)):

So Wendy, these have been some great and very intriguing ideas. Do you have any books or resources that you would encourage our financial counselors and coaches to review, to help them help their clients have better financial conversations?

Wendy De La Rosa ([22:45](#)):

Yes. So the first thing I wanna say is that no financial coach needs to start from scratch. Like I encourage everybody to say, look to academia. There's been hundreds of studies done trying to understand how can we best change financial behaviors. And so you have a whole army ready and willing to help you. I think a good place to start is we try to consolidate a lot of this research and our series Your Money and Your Mind on Ted. So that would be an awesome place to start. And if you wanna encourage your coaches, if you wanna encourage your clients to start having the money talk with your significant others, we actually put together a list of questions. I like the 36 questions to fall in love. But <laugh>, that was hmm, way

back when, New York Times. But now these are just, you know, 10 questions to get on the same page with your significant other on financial wellbeing. Wendy, at the end of

Rachael DeLeon ([23:45](#)):

Every interview, we always ask our guests to share their 2 cents. If you had one piece of advice to leave with our listeners, what would it be?

Wendy De La Rosa ([23:53](#)):

Love yourself enough to prioritize you and prioritize your future self. When you're sick, you take a sick day. When you need to take vacation, you take vacation days when you need to get your financial house in order, take a financial health day.

Dr. Mary Bell Carlson ([24:09](#)):

Thank you so much. Wendy, can you please tell our listeners where they could connect with you?

Wendy De La Rosa ([24:15](#)):

I'd love to connect with listeners on social media so you can find me on X or on Ted, shoot me a note. Would love to see what you're doing to improve your financial wellbeing.

Dr. Mary Bell Carlson ([24:25](#)):

Awesome. And we'll include those in our show notes along with the resources you mentioned. Thank you so much, Wendy.

Wendy De La Rosa ([24:31](#)):

Ladies, thank you so much. I am so appreciative,

Rachael DeLeon ([24:34](#)):

Mary, I always love having our keynotes on before the big event. It's fun to get to know them as people and to, and for Wendy specifically to kind of dive into some of the research she's been doing. I love how she says look to academia for, for knowledge and insights because a lot of the work is being done. And you know, I think that's the beauty of the A-F-C-P-E community. We bring together researchers and practitioners and really help people take the research and then provide practical advice. And that's something that Wendy's gonna be doing in her keynote this November. Offering practical science backed strategies to really help, you know, clients and practitioners bridge that divide and really work towards behavior change. So excited to get a little taste of the work that she's doing and looking forward to her session later this year.

Dr. Mary Bell Carlson ([25:25](#)):

And I'll just echo you on, the benefit of A-F-C-P-E is you're not just having to go and read the research, which academics love, but for so many practitioners, you're really an A-F-C-P-E, you're able to actually get it in a usable way and usable format where you can implement it directly. So I think that's the real value add that A-F-C-P-E offers. As well as I thought there were some interesting points she made about gender and the differences that women see money and how they feel about money. In fact, subjective financial wellbeing is an even larger indicator than objective financial wellbeing. And it tells us how your financial behaviors are going to play out. I love the little crack that she made about the spreadsheets, right? And how just handing someone a spreadsheet is not changing how they feel. And so it's really about the feeling about numbers.

Dr. Mary Bell Carlson ([26:13](#)):

And she talked a bit about having conversations. I really love the way she started too, of how she grew up. And I think those personal stories and what you bring from your own history and her history just really made her into who she is today and why she has such an interest in this field. So I thought there were some really good tips. She's got some great resources at the bottom, especially with her TED Talks and some of the research she's done. So we'll make sure and include that. And if you were like us on the edge of your seats for some of that cliff hanging research, I thought the the young people and some of the mental health aspects of money were intriguing. But if you were on the edge of your seat too, you won't wanna miss this at Ape's Annual Symposium. So join us there. You will see Wendy de La Rosa live, and we're so excited to have her and many others sign up now. Registration is open. We'd love to see you there.