

Lifelong Lessons

A Conversation with Carrie Schwab-Pomerantz

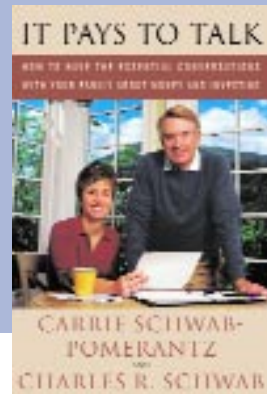
Throughout most of my childhood, my father was a struggling businessman. It was not until I was in my 20s that Schwab had become a highly successful and nationally-known company. I feel lucky, and proud, in a sense, of the legacy my dad passed on to me. He taught me a strong work ethic and a desire to achieve.

I began working when I was 12 years old, starting first with a paper route, then babysitting, and then my first office job with my father when I was 16. As I got older, I always had summer jobs and worked after school, mostly with my father's company. I know that when there is a tremendous amount of wealth, that kind of ethic doesn't always get passed on. Some people refer to this as *affluenza*, where kids don't value money or have a desire to achieve.* I've seen that over-giving to kids takes away confidence, independence, and their ability to know they can count on themselves. Working, for me, was a total confidence builder.

My parents also taught me the discipline of saving. I started at 10 years old with nine dollars, and I always saved with my summer jobs. In my early 20s I also began contributing to a 401(k). Saving is automatic for me, as if it's in my DNA; it has never felt like a burden. In fact, I worry if I'm not saving enough. I believe that saving is a value parents need to teach early on, so it becomes a way of life. I think it's important to instill no matter what the wealth level is in the family.

My own kids are growing up in a more affluent environment than I did and I try to instill these same values. My children are 13, 11, and six years old now and they have each gotten an allowance since a young age. They have to pay for extra things, like potato chips at school, and I am getting them into the discipline of saving. When my middle child was seven, Pokemon cards were huge. I remember being in a pharmacy in the aisle with all the toys, with my son begging me to buy him some. My inclination was to just give in and buy him the cards, but instead I thought about what I was teaching him and said, "You have your own allowance—you can pay for them yourself. I'll buy them for you now and you can pay

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me back later." He had to think about it for a while, and realized he didn't want them that much. My money was not of as much value to him as his was.

Raising money-wise children is about lifelong conversations and lessons. These are often not easy. My father and I have always talked shop, which, in our case, was about money—but it was the financial aspects of money, not the more emotional issues. In the process of writing our book, *It Pays to Talk*, and through my work with women investors, I discovered that there is a shortage of candid conversation about money, and we were a part of that. Now, we're talking a lot more. Changing family patterns, to me, is about getting the guts—the strength—to do it, knowing that it's going to be difficult. It has helped me to know that it's a matter of breaking the ice. Every time you do it, it gets easier. My biggest challenge has been merging my husband's and my financial lives. We both bring different experiences to our marriage and both look at money in different ways. My husband and I talk a lot, but we're not always on the same track—opposites attract!—so we keep talking about it. You have to keep talking to get where you want to go.

I've learned that money conversations are never just about money. They are always emotionally

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* The term *affluenza* has various meanings. The Affluenza Project (www.affluenza.com) defines it as "a dysfunctional relationship with money/wealth, or the pursuit of it. Globally, it is a back-up in the flow of money resulting in a polarization of the classes and a loss of economic and emotional balance." The film *Affluenza* defines it as: "1. The bloated, sluggish and unfulfilled feeling that results from efforts to keep up with the Joneses. 2. An epidemic of stress, overwork, waste and indebtedness caused by dogged pursuit of the American Dream. 3. An unsustainable addiction to economic growth." To order a VHS copy of *Affluenza*, contact Bullfrog Films at 800-543-FROG, bullfrog@igc.org, or www.bullfrogfilms.com.

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charged, which is why they can be so difficult. But talking about money is a means for talking about what is most important to you, and knowing what's important to you is the filter you can use for having a more fulfilling life. For me, that includes giving back. That's what makes life rewarding.

I have focused my own giving on women and girls because there has been a lot of inequality over the years. Sixty-eight percent of the elderly poor are women. Being in the business I'm in and knowing how empowering investing is, one way I give back is by sharing my time and expertise to help women become more knowledgeable about money. I also run the Charles Schwab Corporation Foundation, the philanthropic arm of our organization. This, for me, is a way to give back to my community and to inspire others to do so. Our company encourages employee giving. We've long provided matching contributions to employees' financial donations to charitable organizations. We're also starting a program where we will make financial contributions to organizations to which our employees are giving their time and expertise, as well as their money. We want to show that we value all ways of giving.

The legacy I want to leave my kids is not just monetary. I want my own kids to feel fortunate, to strive for themselves, and to have empathy for others. I want to raise kids who value money—who do good things with it for society. I think that if I instill that throughout their lives, they are going to be responsible citizens, no matter how much money I leave them. I want them to develop good work ethics and learn that money is not about identity or self-worth—it's a tool. ■

—*Based on an interview with Pamela Gerloff*
