

## **Financial Five a Day podcast**

*Episode 2 – Simonne-Gnessen*

### **George Callaghan, Simonne Gnessen and Martin Higginson:**

GEORGE CALLAGHAN: Hello and welcome to the Financial Five a Day podcast with me George Callaghan, professor of economics and personal finance at the Open University and Martin Higginson also at the Open University, a senior lecturer in economics and personal finance.

In this podcast series, we'll be using the concept of Financial Five a Day to invite all of us to think more purposefully about improving our financial nutrition, in much the same way that the fruit and veg Five A Day campaign shifted habits on healthy eating. We invite you to listen and to learn about the money stories of our guests and be inspired by their tips and guidance.

MARTIN HIGGINSON: We would especially like it if these stories encourage you to reflect on your own money habits and perhaps make some changes yourself, helping you to become more conscious and purposeful around money. Although we must note that we are not offering regulated financial advice.

GEORGE CALLAGHAN: Our guest today is Simonne Gnessen. Simonne is founder of Wise Monkey Financial Coaching and co-author of Sheconomics. A book that provides practical tips and solutions to women's money problems while also tackling their emotional relationship with money. Simonne, tell us about your own money story.

SIMONNE GNESSEN: Thank you. Well, thank you for having me. Yeah, I didn't have any education about money. We weren't actually given pocket money so we were never given any responsibility with it. But myself and my two brothers all got jobs when we were 15-16 years old so we started earning our own money straight away and paying for our own driving lessons and stuff like that.

But I don't remember any conscious lessons, unconsciously I think I realized that my mom was the one in control of money not my dad, which was quite unusual in those days. I think she took the money that he earned and she earned and then gave him an allowance. So it worked a different way around.

So I guess at some level I grew up unconsciously seeing that the women can control finances and not necessarily just the other way round. And yeah, I remember being given pocket money

by an uncle that was a small amount. But also when we were young, we were just asked for money when we needed it.

Well, I think we all grew up with quite a good responsibility with it, and we also grew up playing cards and being really comfortable and confident with numbers, which I think was part of the reason why I grew to love maths from a young age before I could hold 13 cards in my hand because I was too little. And my grandfather carved out a card rack for me.

So yeah, numbers was always a something we all-- actually all three of us felt very confident with.

GEORGE CALLAGHAN: I was just going to pick up on the point Simonne made about the fact that you learn that women can control money, which is quite a powerful point. And I know in some of the literature, it talks about this difference between perhaps the woman managing the day-to-day finances and maybe the man-- if it's a partnership a male-female partnership still being in control.

I'm just wondering from you growing up, did you learn that actually your mom in that case was both managing the day-to-day money but also still in control of it? And if that's you've learnt that from your childhood or is it different to that?

SIMONNE GNESSEN: Yeah, I don't know if anyone was doing the big picture planning of things, and my dad had his own business, which I'll probably come on say later in terms of what another thing I learnt about money growing up. He had his own business and he didn't really know how to monetize it properly and to turn his talent into something that would be financially rewarding.

And he'd ask us when we were little kids, he'd ask us like, how much you should charge somebody? So he was a phenomenal. He was a jeweler phenomenally talented but never really made a lot of money. So I don't know whether anyone was doing the kind of big picture planning side of things, it was more the day-to-day stuff I think was more of my mom's control.

And she used to save money in a Christmas club and some of it he wouldn't know about. And so there would be surprise, these envelopes that were a pound each-- 52 pounds that would be-- I remember them being chucked up in the air as a bonus, if you like.

MARTIN HIGGINSON: What a fantastic idea. I love that.

GEORGE CALLAGHAN: So it was literally raining money at Christmas.

SIMONNE GNESSEN: Yeah. It was playful, I think. There was something about it being quite playful.

GEORGE CALLAGHAN: And what about challenges around money, Simonne? or what challenges have you faced at earning money in your life?

SIMONNE GNESSEN: The most significant things are I've experienced regret of financial decisions I've made. So I was a financial advisor thinking-- by my late 20s thinking I was quite I knew how to make money grow and I decided to transfer final salary pension into a private pension, and then regretted that for the next 20 years.

So I made that decision-- I did it very with my eyes wide open, I did an analysis of what would I have to generate by way of investment return to match what I'd given up, but of course the assumptions back then were very different to what the assumptions would be right now. So things like that, I was a little bit too clever for my own good, or tried to be a bit too clever.

So I made money mistakes trying to be clever and then they backfired on me. So those are the kind of things. And regret of selling property when I could have held on to it and those kind of things more than anything day-to-day I think.

GEORGE CALLAGHAN: And I guess we all reflect on when we were younger and what might we have done differently and everything. So I mean, in that context-- I mean, if you could talk to yourself when you're younger now, what might you say to your younger self around money?

SIMONNE GNESSEN: So I started a pension when I was 21 and I felt like I was on the right track, and then I went self-employed. I've actually been self-employed since I was 28 years old and I've only actually been employed for a very short period of time.

So then when there was no employer involved and it was up to me, I then wasn't making pension contributions for instance, so I would be absolutely slow, steady consistent all the way through. Even when you feel you can't afford it, still continue making contributions.

Because you know, I ended up not making contributions at the time that the market was the lowest and I could have bought almost sale price. But I think it's about staying in consistently, and I'd like to give myself that message of, and also just not trying to be too clever.

In those days, I was also switching between funds and actively managed funds, and now I just go for slow, steady index trackers, set it, forget it.

MARTIN HIGGINSON: I mean, touching on where you started. I mean, do you think that advice to yourself would be the same-- maybe a difficult question because you're obviously female-- but would that be the same if you're a young man for example, do you think?

SIMONNE GNESSEN: Completely. Completely. I mean, I think that characteristic of trying to be a bit too clever for my own good could very much be a young man, couldn't it? As well. So yeah, I think that would definitely apply.

GEORGE CALLAGHAN: Yeah, cool. Thank you.

MARTIN HIGGINSON: Simonne, really curious to know about the insights you've developed around money and that you would share with others?

SIMONNE GNESSEN: I think I've always been pretty comfortable talking about it. And I obviously noticed that a lot with friends or with clients that a lot of people aren't so it's a big taboo subject and I think that's stood me in good stead. I've never had any problem talking about what I earn, or what I save, or what properties worth, or anything, really, or mistakes I've made.

So that's created a lot of transparency in relationships for instance, there's never been an issue. Or even just with friends where you're going out somewhere that doesn't fill within your budget, just being able to talk about things like that.

And actually kind of remember, again, in my early 20s, I remember a secretary of mine actually teaching me how to manage money like, in those days we were using cheque books and I had a cheque book with a front cover sheet. Do you remember that where you could write the balances?

GEORGE CALLAGHAN: Yeah.

SIMONNE GNESSEN: So I used to write how much is in my account. And then every time I spent money, I would write it down and track it from there. And I didn't know that there was a way of even taking control of it, and she was the one that showed me this is what I do. And yeah, I was working for financial services at the time, I think I was training to be a financial advisor back then.

But I remember her teaching me how to do that. It definitely wasn't anything my parents taught me. I remember signing a cheque, paying in a cheque when I first opened a bank account and I signed the back of it because I thought that's what you're supposed to do, and they were like, what are you doing? Why are you signing this?

And I thought I'd seen someone do it so I just copied it because I didn't really know what I was doing. Yeah, and that tracking of spending-- well, I went traveling at one point for a year and I knew exactly how much I-- I went to 12 different countries. I gave myself a budget for each of those different places.

I booked flights and stuff in advance. But I knew exactly how much I was spending and everything I was very conscious. But I had a phenomenal experience and I don't ever not do anything because of money. But somehow I haven't gone crazy, but I've never said no to something I really wanted to do. So I remember doing that having that kind of experience while I was traveling too.

GEORGE CALLAGHAN: I think that the talking money is a really interesting point, isn't it? Because you were saying some people don't necessarily like talking about money. Do you think that's becoming easier to do or do you think that is still a big barrier? And if this is like a daily habit you think people should do, what's the way into that do you think?

SIMONNE GNESSEN: I think there's a lot of guilt, and shame, and fear associated with money. And if you're holding on to shame, you don't want to talk about that. So if you've got credit card debt and you're embarrassed about where that money has gone and the fact that you owe more than you can ever afford to pay back or that every month you're getting into overdraft, so I think in situations like people become quite closed down.

And of course, that doesn't necessarily support anything because potentially you're continuing going out and doing things and no one knows that you're struggling. So I think it's important for us all to understand that lots of people are struggling financially. And sometimes it takes somebody to be brave, so for instance with-- let's say Christmas gifts.

When you get into a habit of buying for all your siblings and their kids and then there's a huge expense, it often takes just one person being upfront and saying, could we do this differently? And once one person has been brave, then everyone is usually applauding that.

So I think it's our responsibility each and every one of us just to be talking about this. So if we're inviting people out for dinner and it's an expensive restaurant, just check-in. But it's affordable, or that it's OK with everyone, or maybe we should do it another way and what would be better for you, maybe we all bring a dish.

So I think that there's a responsibility for us all to be communicating a little bit more openly. And to be aware that people are struggling financially and there's a lot of shame and guilt that people

are experiencing. And to alleviate that a little bit by confirming that sense of understanding and empathizing with it.

GEORGE CALLAGHAN: And do you think this differs by age or gender for example? Or do you think this is across ages, across gender people struggle with money? Because I'm just wondering whether young-- I don't know-- but I'm just wanting whether younger generations find it easier, or harder?

Because my generation certainly, I remember my mom and dad wouldn't really talk about money. They'd occasionally argue about money, but they wouldn't really talk about money. And I just wondered if you noticed any change in age for example?

SIMONNE GNESSEN: I don't know if it's necessarily. I mean, I've got lots of clients for instance that are holding secrets about their relationship to money. They're not sharing with friends, and family, their kids, maybe even their partners sometimes. So I don't think it's necessarily related to age.

I think it's when-- say when couples get together and they're young and they're both earning a similar amount. When you're socializing with a group of friends that are in a similar boat to you, I think it's easier. When that starts to shift a bit and you're socializing with people who might be in a completely different financial situation, I think that's where it can potentially get a bit more complicated.

MARTIN HIGGINSON: So Simonne, you've got a money emotion one in there, which is their own overcoming shame in speaking about money. You've got a couple of practical ones, for example, around budgeting. What else would you add into this mix of kind of healthy Financial Five a Day?

SIMONNE GNESSEN: So one thing with budgeting is separation of money. So rather than all of your-- if you're accelerate employee for instance, all of your money going into one account. I would generally try and separate it out because it's harder to track when everything goes through one account and you don't necessarily need to keep a very close eye on all the direct debits.

Yeah, you want to make sure that you're not paying any subscriptions that are unnecessary and you do need to check, your direct debits from time to time to make sure you're not doubling up on phone insurance or whatever it might be. But those kind of fixed expenses once you've looked at those every six months or something, they kind of take care of themselves.

But the day-to-day money and the area that I find people get into trouble with is the more occasional spending, so things that don't happen every month, like we know food, and clothes, and entertainment, et cetera. But when you've got insurances that you pay annually, or holidays, or Christmas, or house maintenance, dental care, that kind of thing, people don't put aside the money for that.

So I would generally try and separate that out where you've got-- your fixed expenses perhaps coming out of one account, and then day-to-day expenses coming out of another. And then we've got a lot of new digital banks that allow you to set aside pots, or almost like envelopes, if you like for those more occasional spends.

So that you can put money aside for your car stuff, for your house maintenance type stuff, for your gifts, for things that don't happen every month-- holidays, and then the money is there when you need it. And also, obviously putting aside some money for emergencies, buffers, things that you can't necessarily always foresee because those things always come up.

Then they say putting aside money every month for things that you can expect and also some things that you won't necessarily expect.

MARTIN HIGGINSON: And I know from your work around money emotions that you realize there's tremendous power there. I wonder where would recognize in the money emotional triggers come in?

SIMONNE GNESSEN: I think many of us are quite unconscious when it comes to money, and we're not necessarily aware of-- so for instance, people might find themselves shopping online at midnight or in bed on their phone. But it's quite an unconscious habit. So there are habits that we participate in that might be not serving us. And sometimes they can be emotionally driven.

So it might be because you're bored, or lonely, or anxious. You I might ironically be a money anxiety that leads sometimes to people spending money.

So I think becoming aware of your triggers, for instance, it's about overspending, what causes you to overspend? What's happening for you in that moment when you make a decision that later on you regret or something that doesn't serve. You so becoming really conscious of your triggers, what happens? What's the first sign that sends you down that kind of avenue?

And that might be diarising it. You might keep a journal. You might start to understand, OK, this is what was going on for me. At that time, starting to become really mindful. We might apply a

mindfulness practice for our mental health, et cetera, applying a mindfulness practice to our money, particularly when you're doing something that doesn't serve you.

Now that might be under spending, right. It might be that you've accumulated money and you're actually at some level fearful of spending it. But if there's something that you're doing or not doing right, because it might also be a non-behavior. It might be that you're running away from it. Like friends of yours have been talking about their house or a pension and you're like, oh, my God.

I know I should deal with this, but that's the last thing in the world I want to be thinking about switch on Netflix instead. Just becoming aware of what was the trigger there. Friends talking about pension, what did that cause in you that's got me to shut down. I became paralyzed, what could you do differently next time?

So you're rehearsing. You're becoming aware of triggers and habits, things that you're doing, things that you're not doing that you know would like to be doing. And then consciously when you're much more level headed, then you can actually plan and prepare how you might do it differently.

But the first thing is becoming conscious, because we're often completely unconscious when it comes to our emotional relationship to money. And the other aspect of it is also digging into your history a little bit about, at some level, what am I saying to myself about money? What I feeding myself? You know, I'm useless with money, for instance.

If you're saying that to yourself, at some level you're probably reinforcing that by behavior. So if there is a narrative in your head that isn't serving you, what are you doing to reinforce that? And what is the narrative that you want? Money comes easily and effortlessly.

Great. If that's the narrative you want. What can you do differently to reinforce that? So becoming really conscious of what's going on in your head consciously and unconsciously, and then consciously reframing that for yourself and deciding in advance, rehearsing different ways of doing things.

GEORGE CALLAGHAN: That's really, really interesting. And I'm very practical that the point about a diary or a journal to try and move from the sort of unconscious to the conscious. I mean, on a practical basis, how long would you recommend somebody doing this for the first time might do, Simonne?

SIMONNE GNESSEN: Well, I also wouldn't say to make this a job, right? It could be something like, if you're using an app with your bank, you could jot something down. You could just maybe



it's at the end of the day, you just look at it and say that spend was related to that feeling almost. If you're trying to get conscious for the first time, you might want to give yourself a time period to really concentrate on building a habit.

But also I would generally try and urge people not to make a big job of this. Like once a month, I do this three-hour task. But more like every day just doing something very tiny that just builds that good sense of understanding about yourself. So we all are addicted to our phones, aren't we? So what can you do on your phone that might be? It just like you might track your weight, and you might do that daily or once a week or once a month, you could do something similar with money.

But in a similar way that you're just doing something very gentle on a very regular basis, so you build up picture.

MARTIN HIGGINSON: Simonne, what have you changed your mind about in relation to money?

SIMONNE GNESSEN: What have I changed my mind about? Well, a couple of things. So one is in my early 20s, I was going to have my mortgage paid off by the age of 55, by then so I've changed my mind about that. But I think investment philosophy just around trying to be clever with money, and trying to find good investment funds, and trying to beat the market and now it's much more, just slow and steady tracking the market. That's one aspect of what's changed.

GEORGE CALLAGHAN: So that's a shift from active to passive investing using the language of investment?

SIMONNE GNESSEN: Yeah and I think also if I think back, my first career actually was training to be an actuary. But it was probably at the time anyway where you could make a lot of money. So I think was driven very right in the beginning of my career through that kind of lens. But once I got into work that was really passionate for me, then that was really not important at all.

GEORGE CALLAGHAN: Many thanks for sharing your insights and thoughts, Simonne.

SIMONNE GNESSEN: My pleasure. Thank you.

MARTIN HIGGINSON: It was fascinating. Thank you very much, Simonne.

GEORGE CALLAGHAN: Well, Martin, what an absolutely fascinating interview. I think the many special features of Simonne is got a really deep appreciation, not just of the practicalities around

money, budgeting, and so on. But the tremendous power of the emotional drivers, the emotional undercurrents of money what's really driving our behavior.

MARTIN HIGGINSON: Absolutely. I mean, she stressed, didn't she very clearly that in terms of a habit, one of the first things was around talking money, and regularly talking to people, there's taboos. One of the reasons why people don't talk about is because a sense of shame, a sense of guilt. And she really stressed that would be one of her five a day, didn't she has she?

And a concrete practical one was budgeting. And it's something you and I've spoken about so often. If you can create monthly surplus. If you can spend less than you earn, then that gives you a month to so you can use to drive savings and investments.

GEORGE CALLAGHAN: She talked about that tracking budgeting, didn't she? But also I thought it was quite a neat way going back to the kind of emotional side was this idea of tracking your emotions. And that is linked to budgeting, because what she was saying is people spend money and that's driven often by emotions. So just maybe for a week or two weeks.

When you're spending money, what was your emotional state? What drove you to actually spending that money? And thought this idea of the linking between the two-- budgeting and emotions was a really interesting powerful point, she raised actually. And one hadn't really thought about too much to be honest. Yeah.

MARTIN HIGGINSON: Well, one of the challenges there, which we really invite listeners to reflect upon is that often these emotional drivers for money, they're unconscious. They're lying beneath the surface. And you know maybe by listening to people like you and I, maybe by checking out other financial learnings, it might help them emerge from unconsciousness in a consciousness. And people are beginning to be much more purposeful, much more mindful about the way they use money.

GEORGE CALLAGHAN: One of the early things she said as well which-- this has come up before along the lines of your habits are sometimes or your interests in money are shaped by your younger life. And I thought, when she mentioned about her mother being in control of the money, and Simonne work Sheconomics, it's about female personal finance.

And it's interesting how-- perhaps there's that early relationship with a mother who was making money fun. Those 52 envelopes at Christmas time getting all the things. But that was great. But this idea of women controlling money is quite a big debate, isn't it? About the difference between controlling money and managing money and it's gendered, and I thought her raising that is an interesting one for people to think about.

In their household, if there's a couple, a male-female couple, who is in control of the money, who manages the money, and thinking that through has quite a few implications, I think.

MARTIN HIGGINSON: And maybe just to finish off one of the practical points that Simonne raised and that's in relation to starting saving and investment early. Maybe thinking about passive as opposed to active investing, and over time, the magic of compounding.

If you started this when you were 18 or 20, then by the time you got to retire age, actually, you'd probably built up a substantial investment pot.

GEORGE CALLAGHAN: That slow and steady message came through really strongly, didn't it? And even though it may seem passive, it's actually not. Passive doesn't mean not powerful. And that slow, steady, do something early, keep at it is a really good way to build up that pot for your future, isn't it?

MARTIN HIGGINSON: Yeah. I mean, slow and steady wins the money race.

GEORGE CALLAGHAN: It does.

MARTIN HIGGINSON: Great.

GEORGE CALLAGHAN: And I could relate to slow and steady. [LAUGHS]

MARTIN HIGGINSON: Great.