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# Money clubs aren't just about stocks

A new kind of self-help group won't make you rich, but it may make you smarter about your finances.

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By [Jean Chatzky](#), MONEY Magazine

**NEW YORK (MONEY Magazine) - On a spring Saturday afternoon, the More Than Money discussion group in Morristown, N.J. is embroiled in debate about Warren Buffett and his decision not to bequeath any great wealth to his children.**

Some members think that Buffett is being unfair. Others believe that it doesn't matter how much you give your kids, as long as you teach them to manage what they've got.

But when one member recalls a grandchild who blew his inheritance on a BMW, James Gallagher, 75, has heard enough. "I never even bought a BMW for myself," he says.

The retired social psychologist drains his coffee cup, downs a few cookies and leaves. Monday morning he's on the phone with his lawyer, changing the terms of the trusts he established for his grandkids so that they'll pay out over time rather than all at once. Might as well give them a chance to learn financial responsibility, Gallagher figures.

If you married the investment clubs of the 1980s with the book clubs of the 1990s, the offspring might well look like Gallagher's More Than Money group -- or one of the hundreds of other money clubs springing up across the country.

This new kind of financial support group helps members manage money more wisely or tackle specific goals, from saving more to paying down debt to planning an estate.

Unlike traditional investing clubs, which get together to pool assets, money clubs assemble to pool ideas. The payoff lies in becoming more informed about how to reach your goals -- and in being nudged to get off your duff to do something to get there.

Money clubs are still no rival in number for the nearly 20,000 investing clubs created in the Beardstown Ladies tradition. But membership in stock-picking groups has waned since the 2000 crash, while the uncertain economic climate has fostered money clubs' growth.

"You get rid of a certain anxiety by realizing you're not alone," says Olivia Mellan, a

### What you need help with

Money clubs offer the chance for members to tackle a variety of topics.

1. Saving more for retirement
2. Diversifying a portfolio
3. Paying down debt
4. Saving more for kids' education
5. Investing in real estate or buying a home

Source: MONEY subscriber poll.

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Washington, D.C. psychotherapist and author who specializes in money issues.

Some clubs are organized around the philosophy of a particular guru, such as "Finish Rich" author David Bach. Others cater to a demographic group, as do the 125 affiliated with the Women's Institute for Financial Education, or focus on one topic, like entrepreneurship.

Some clubs cost no more than buying the occasional book or cooking the occasional casserole. Others carry modest fees, while some charge big bucks and offer professional coaching and moderators. Obviously, you'll want to check those out thoroughly.

The clubs' relative scarcity means your best chance of finding a group that's right for you is to start one yourself. But while simply inviting friends to meet at the library or your house may work for a book club, it won't here. When money is concerned, you need to manage more actively. See the below for help in recruiting and getting started, then follow these rules.

### **Know why you're doing it**

Are you trying to get out of debt? Looking for support starting a business? Whatever your answer is, you need members who share the same goals.

At the More Than Money club in Santa Cruz, Calif., for instance, members discuss only planning and ethical issues faced by the affluent. The members' shared experience makes for more meaningful discussion on everything from lending money to friends to finding trustworthy financial advisers, says Ralph Alpert, 74, who belongs to the group.

"If you talk about the same issues to people without money, their reaction is, 'What are you complaining about?'"

### **Get to the nitty-gritty**

Once you know your broad mission, you should have a sit-down in which all the group members reveal what they're looking to accomplish individually and by when.

"If you've told a handful of people that you're going to act on a financial goal, and what your timetable is, you're more likely to follow through," says Loral Langemeier, a financial adviser in San Francisco who mentors clubs for entrepreneurs known as Mastermind groups.

That approach worked for Richard Banta, 58, a Denver attorney and Mastermind member. He told Langemeier and his club that he wanted to own his own law office. With the group's encouragement, he and his wife rented out the family home and bought a huge Victorian that they now work and live in.

"We're building equity," Banta says, "by paying rent to ourselves."

### **Don't accept failure**

The best money clubs are equal parts therapist, taskmaster and cheerleader.

Members of the Dollar Divas money club in Riverside, Calif. wanted to organize their financial lives. They devised a step-by-step action plan: Buy a file cabinet; create folders for debt, investments and so on; sort through papers and the like.

A month later, all but one member had finished the program. "I just don't like paperwork," she complained. The group prodded and cajoled, telling her that they understood but not letting her off the hook.

The next morning, recalls club leader Marcy Musselman, 38, she received an e-mail: "I did it."

### **Keys to running a successful group**

They vary, of course, but these are the most important, according to Scott Heiferman, co-founder of Meetup.com.

1. **Pick a leader.** Or rotate leadership chores, rather than running free-form.
2. **Meet once a month.** More than that is a burden; less and people lose interest.
3. **Have at least 10 members...** Small groups tend to be socially awkward. Larger

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groups have higher retention.

4. ...**But fewer than 20.** Get above a score and it's no longer a club, it's a cocktail party.

### Web resources: How to break into the club scene

Whether you're interested in starting a money club or joining an established group in your area, the Internet is the best place to launch your quest. The following sites will help get you going.

- [Meetup.com](http://Meetup.com) This site helps you find existing clubs, or matches you with prospective members if you would rather start your own. Use keywords such as "money," "debt" and "finish rich" to search for local groups that share your interests.
- [Moneyclubs.com](http://Moneyclubs.com) This site has 33 money-club curriculums available for downloading that you can use to facilitate meetings. You can also search the site for a group (typically oriented toward women) in your area.
- [Morethanmoney.org](http://Morethanmoney.org) You can sign up for a free trial of the quarterly magazine that some of the More Than Money clubs use as the basis for discussion at their meetings. You can also search the site to see whether there's a group in your area or to find other people eager to start a new one.
- [Better-investing.org](http://Better-investing.org) If you prefer to join an old-style investment club, get the lowdown on starting a group at this site, the online home of the National Association of Investors Corporation.

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