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JOURNAL REPORTS: INVESTING MONTHLY

Five Books to Make You Smarter About Money

Young Americans, in particular, don't know much about handling money. But they can fill the knowledge gap by reading these books.

By [Simon Constable](#) [Follow](#)

July 9, 2023 9:00 am ET



These five books about handling money get good reviews from other personal-finance experts. PHOTO ILLUSTRATION: SIUNG TJIA/WSJ; PHOTOS: CURRENCY; ROSETTA BOOKS; SIMON & SCHUSTER; WILEY; RODALE BOOKS

A troubling number of Americans lack financial literacy. It's an issue across all generations, but especially among young adults.

U.S. adults on average got 48% of the questions correct on the 2023 Personal Finance Index survey by TIAA Institute and the Global Financial Literacy Excellence Center, which measures knowledge of personal-finance topics. The results for Gen Z, the generation born from 1997 to 2012, were even worse, coming in at only 38%.

One way to fill the knowledge gap is to read some books. The Wall Street Journal asked some personal-finance authors what books they found most helpful when

they were starting to learn about money.

‘Smart Women Finish Rich’

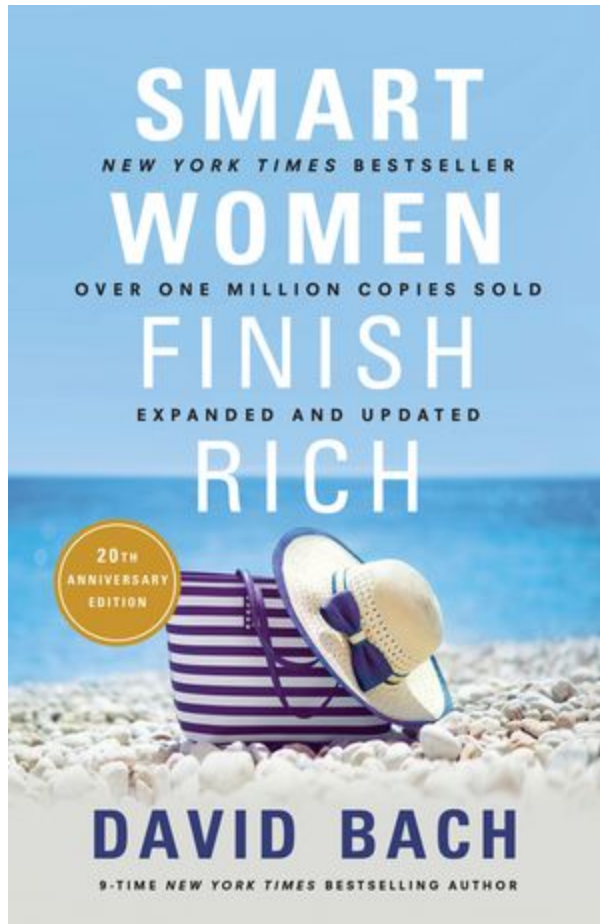


PHOTO: CURRENCY

“Right away out of college, I was working at Money magazine, and I remember one of the first books that really made me more interested in personal finance was David Bach’s ‘Smart Women Finish Rich,’ ” says Farnoosh Torabi, author of “When She Makes More.”

Bach’s book, which is aimed at empowering women to take control of their finances, “taught me not to be ashamed and not to think my financial needs were less important than men’s,” she says.

A key takeaway for Torabi was Bach’s chapter on raising financially smart children. “This can become a legacy you can leave,” she says.

‘The Millionaire Next Door’

Bach, for his part, has his own favorite book: “The Millionaire Next Door” by Thomas Stanley and William Danko. “Reading this book made me realize you can’t earn your way to wealth if you spend what you make or worse, spend more,” Bach says. And more specifically, you don’t necessarily have to have a million-dollar salary to become a millionaire—you get there through saving and investing.

When Bach worked as a financial adviser, he saw firsthand what Stanley says in his book, which is that people who throw money around often aren't what they seem. "The real-estate agent who was famous in our community with a gold Rolex and fancy Mercedes was broke," he says. "On the other hand, the midlevel PG&E or Pacific Bell person making 50K a year who was living below their means, and paying themselves first, was financially secure."

'The Thin Green Line'

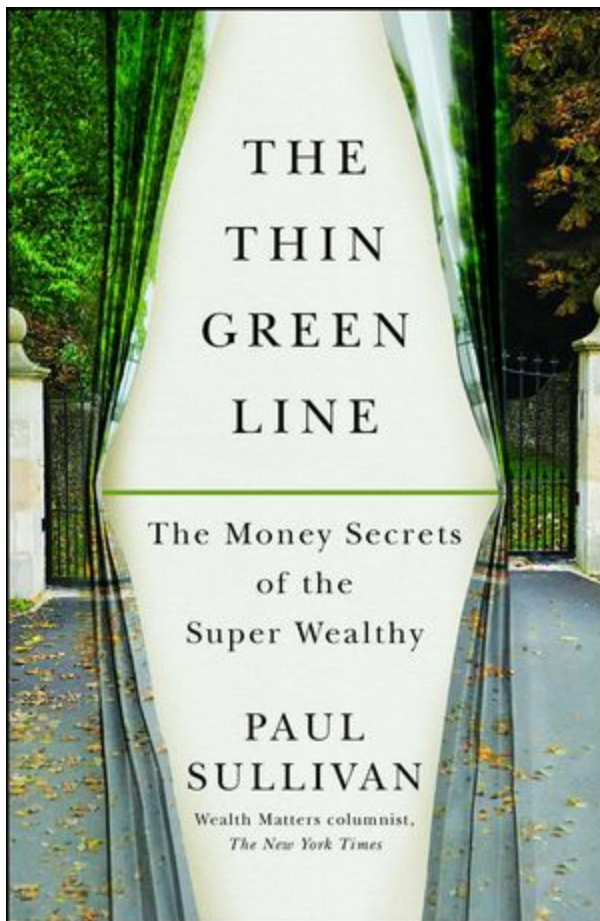


PHOTO: SIMON & SCHUSTER

Erin Lowry, author of "Broke Millennial," says she learned a lot from "The Thin Green Line: The Money Secrets of the Super Wealthy," by Paul Sullivan, which looks at how rich people grow and protect their wealth and what that can teach others about their own emotional relationship to money.

Lowry says she realized not long ago that she has a scarcity mentality with money, which led her to focus too much on saving at the expense of investing earlier in her life.

"It's something I have to combat and think through," she says. "Even now, there are certain amounts of money I need to keep in an emergency fund."

'The Bogleheads' Guide to Investing'

Ramit Sethi, author of “I Will Teach You to Be Rich,” notes an irony in the investing world that he learned from reading “The Bogleheads’ Guide to Investing” by Mel Lindauer, Taylor Larimore and Michael LeBoeuf.

Devoted to the wisdom of the late Jack Bogle, the index-fund pioneer and founder of Vanguard Group, the book features a simple message: When buying mutual funds or exchange-traded funds, pick those with the lowest fees, and your portfolio will do better.

“If I pay more in a restaurant, I’ll probably get a better meal,” Sethi says. “But not with investing where if I pay more, I get nothing or actually may get worse.”

‘Get Good With Money’

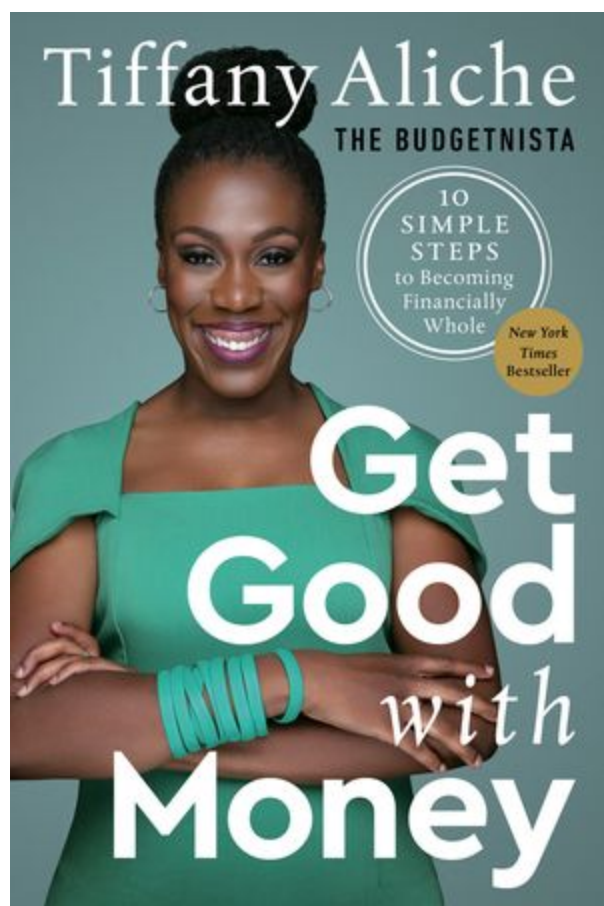


PHOTO: RODALE BOOKS

Nick Maggiulli, who runs the Of Dollars and Data website, recommends “Get Good With Money: Ten Simple Steps to Becoming Financially Whole” by Tiffany Aliche. “She does a great job of saying she was in a bad place financially,” he says. “It’s her way of saying anyone can get good with money.”

One thing Maggiulli notes is Aliche’s novel approach to paying down debt, which is the topic of a longstanding debate among personal-finance experts. Should people tackle the smallest debt first for a quick emotional boost? Or should they go straight to paying off the high-interest debt, which would tend to

make sense from a purely mathematical viewpoint.

“Aliche takes a hybrid method,” Maggiulli says. “First, pay off the lowest balance,

then switch to the highest interest rates. That way, you get the satisfaction of achieving something relatively quickly, and then you can move to the endurance test of reducing a high-interest-rate balance.

Simon Constable is a writer in the Occitanie region of France. He can be reached at reports@wsj.com.

Corrections & Amplifications

The end of the title of “The Thin Green Line: The Money Secrets of the Super Wealthy” was incorrectly given as “Ultra Wealthy” in an earlier version of this article. Also, the name of William Danko, co-author of “The Millionaire Next Door,” was incorrectly omitted in an earlier version. (Corrected on July 9.)

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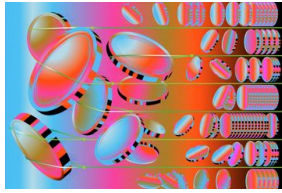
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