

Blogs Expose Personal Finance: The Good, the Bad and the Ugly

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"Irrational But Good Things to Buy."

Not the typical commentary you'd find online if you're looking for advice on how to budget your cash more effectively, I admit. But with a lead in like that, how can you stop yourself from reading it?

Musings like this one may be the reason readers keep coming back to the lwillteachyoutoberich.com¹ blog, or Web log, of Ramit Sethi. The blog, a running commentary on the 22-year-old Stanford University graduate student's personal finances and his views on financial planning, attracts several thousand readers a month.

"A blog makes it easy to post my ideas all the time," he says. "I try to keep it fun, usually by making fun of the dumb things people do with their money." Case in point, Mr. Sethi's soft spot for the campus taco food truck. After doing some [brisk math](#)², he observed that eating out was hammering his budget to the tune of \$6,700 a year.

Mr. Sethi pens one of a small but growing number of Web blogs that focus on the daily grind of managing money. Most personal-finance bloggers start their blogs as a way to lay out goals in black and white and track their progress. They say that readers provide the encouragement and accountability the bloggers need to stick with the program. Others, like Mr. Sethi, are motivated by the educational aspects of it, sharing tried-and-true tips with readers.

Blogs devoted to personal finance have only recently started cropping up online. Many of the bloggers I interviewed for this column launched their sites less than a year ago, and one of the most established, PFBlog.com³, celebrated its two-year anniversary last month.

What really struck me about many of these blogs, and the people behind them, was the level of sensitive financial information they were willing to reveal. In the "real world," people tend to jealously guard the intimate details of their financial lives: What you earn, how much you've saved, what you owe is viewed as so personal that many are unwilling to share the details with anyone -- occasionally even their spouses.

But the anonymity of the Web allows bloggers to open up the books and let others see how well, or how poorly, they're doing in the finance department. In return, readers offer their own insights on the blogger's financial plan and share their own advice on managing money for all to read.

"I put all my financial information out there, right down to the last dime, but I make sure it's personal enough that people can feel that they know me without being able to discover who I really am," says Jonathan, a 26-year-old mechanical engineer who authors Mymoneyblog.com⁴. Jonathan, along with most of the people I spoke to for this column, asked that I not use his last name. He says he hasn't told any of his friends or co-workers about his blog. "It's OK for me to show a stranger that I have \$20,000 in my checking account but not my good friends," he says. "That's something I prefer they not know."

While most blogs focus on the trials and tribulations of the individual working to manage money better and meet financial goals, they also impart their own brand of advice. Often, the authors will share useful information they've come across on other third-party sites, such as established media and research Web sites.

[The Budgeting Babe](#)⁵, a blog "dedicated to all the young, working women who want to spend like Carrie in a Jimmy Choo store, but have a budget closer to Roseanne," is one that excels at meshing the author's personal experience with helpful information for readers who want to follow suit. Last month, the author, Nicole, explained how she consolidated her student loans, noting how much easier the process was by completing it online rather than paper. Her post included links to the federal loan consolidation [Web site](#)⁶, and served up an good tip to avoid private loan companies that pose as government lenders by including "federal" in their name.

Other bloggers are nothing if not ambitious. On [Neville's Financial Blog](#)⁷, Neville Medhora, an enterprising 22-year-old undergrad at the University of Texas at Austin, says his goal is to earn \$1 million in the next three years, and by 2012 he wants to own a conglomerate company, with at least five subsidiary companies in different industries. Among his ideas for potential start-up business ideas posted on his blog: Convince your town to legalize street racing in a deserted part of town so you can profit by setting up concession stands.

After speaking to Mr. Medhora and reading many of his posts, I got a feel for the confidence that just might get him there. Good luck.

The fact that so many young people are willing to get into the nitty-gritty of their finances on these blogs may be the very reason for their growing popularity. Call it financial voyeurism.

For example, on the [Savvy Saver blog](#)⁸, Erin offered up an intimate look at her finances (Total assets: \$232,059.40. Total liabilities: \$161,546.73. Net worth: \$70,512.67). The 26-year-old computer programmer also gave a peek at her personal life.

In a recent post about her fiancé, she wrote: "We are both pretty frugal, but I put a larger importance on paying down debt and retirement saving than he does. He has complained before that his friends and co-workers drive beautiful, new \$30,000 vehicles, and he wants one too. They also live in apartments and have no retirement savings or safety net. I have to remind him that they have 5 or 6 year loans on their cars, and \$400-500+ payments won't be near as fun to make on a five-year-old vehicle. ... I think we've got open communication about finances, and even though we don't always completely agree."

Too much information? Her fiancé might think so, but it's just the right amount for me. In fact, the level of detail on these sites is exactly what makes them most interesting.

Some authors use blogs to lay out every stock transaction, savings deposit and bill paid, much in the same way you or I might using personal-finance software on our desktop. But it's the blog authors' gnawing uncertainty and frustration behind the decision-making that keeps me interested and coming back for more.

Another thing I liked about the blogs I visited was that most have yet to be consumed by the omnivorous beast that is [GoogleAdSense](#)⁹, which serves up links to advertisers that relate to the content on the Web site. So, for example, a post on personal-finance software might pull up a text ad for money-management software products.

But there are signs authors of the more established blogs have caught on to the prospect of a potential new cash stream. Take PFBlog.com. The blog is interesting and has a lot of useful financial information, but it has more advertising than the Super Bowl. In addition to a laundry list of "hot deal" links and blinking color ads in the right column on article pages, it also has a long list of "sponsors" at the bottom of the blog's home page, and the text of PFBlog is littered with Google-driven ads. The ads are interspersed in and around his commentary in such a way that it distracts from the content.

Still, these blogs are becoming more mainstream. Last month PFBlog.com was awarded the [2005 Best Personal Finance Blog](#)¹⁰ by Insideblogging.com, an upstart consulting firm whose mission is to help companies grow their businesses and build brand loyalty through blogging. Darren Barefoot, co-owner of Insideblogging, says the site provided "the most useful and accessible information for readers."

Overall I'm impressed by what I've read on most of these blogs, not just the fact that the bloggers are eager to improve their financial situation, but that so many others check in regularly to form a sort of virtual community to offer encouragement and maybe pick up a tip or two. Because the nature of blogging fosters anonymity, though, it's a good idea to do more research on the subject matter before taking a blogger's advice.

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(5) <http://budgetingbabe.blogspot.com/>

(6) <http://www.loanconsolidation.ed.gov/borrower/borrower.shtml>

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