



**MIND THE
'FRIENDSHIP'
PAY GAP**



Can you celebrate a pay rise with friends you out-earn? How should you handle being priced out of a group holiday? *Alex Holder* reflects on what it's like when you earn considerably more, or less, than your friends

LAST SUMMER, I HAD to send a text that took 40 minutes to compose, including two calls to friends to check its tone was sufficiently breezy. The content? To thank a friend for inviting me on a group holiday, but decline the offer, as there was no way I could afford a room in the villa. That text shouldn't have taken as much emotional labour as it did, but because the reason was financial, finding the words was difficult.

I didn't want to lie: I'm not ashamed that I earn less than these friends. But I wanted to keep the reply casual, so *they* didn't feel awkward. It's not their fault they earn enough to think £2,500 for a room in Corsica sounds reasonable.

New research* shows that 39% of Millennials have gone into debt to keep up with their friends and nearly 30% don't feel comfortable saying no when a friend suggests an activity they can't afford.

Pay gaps between friends are particularly awkward. Unlike in romantic relationships, where 'What's mine is yours', friendships are reciprocal – we have a culture of buying rounds and splitting bills. Friendships are rooted in shared experiences, whether it's after-work drinks, spa sessions or mini-breaks. So how does a friendship function when one of you is wealthier than the other?

'There's nothing more stressful than meeting friends for what's meant to be a

low-key week night and realising the venue is £50 a head,' Susie, 29, tells me. 'Every time someone orders a drink, I wince. But the worst bit is them moaning about money when I know they earn double what I do.'

It's hard to accept that money affects friendships, but there are many occasions when it does: when you find yourself judging a friend for buying make-up but never a round of drinks; when you feel a friend doesn't relate to your life; you feel someone's being 'tight' (in reality, you're probably going to places too expensive for them).

'If you really like your friends and want to keep them, it's actually not a good idea to earn significantly more or less than them,' says Brad Klontz, founder of the Financial Psychology Institute. 'People exist in tribes and those in the same socio-economic group are closer: they have the same struggles, they feel part of a group – they can relate to each other and that's comforting.'

Brad's words ring true. Lately, I've found myself asking if I can celebrate a pay rise with a friend I know earns less, or moan about the gender pay gap with a friend who is finding it hard to get work at all.

Clemmie Telford wrote a blog about surviving a financial crisis after her husband's business went under and they were left with a five-figure debt. I asked how her financial misfortune affected her friendships. 'It all went wrong in November, so at Christmas we had to opt out of all gift buying and explain to friends why we weren't attending any parties. It was liberating to say it out loud and, actually, all our real friends understood,' she says. After hitting financial rock-bottom, Clemmie landed a great job. 'In 18 months I went from being the most broke out of my friends to one of the higher earners,' she tells me. 'What's strange is that I felt the same shame about money when I was earning well as when I earned the least.'

Telling my friend I couldn't afford



THEY MOAN ABOUT MONEY, WHEN I KNOW THEY EARN DOUBLE WHAT I DO

Corsica felt stressful, but once I'd done it I realised it wasn't that big a deal. The next time they went away they invited me again and offered me the cheapest room. My friends and I have different means, and I can't change that, but how we deal with it counts. You'd think ignoring money would make it less of a thing, but we've found the exact opposite. The burden shouldn't always be on the richest to downplay their lifestyle; nor should it mean those who earn less having to constantly say, 'I can't, I'm broke.'

Instead, we've found that breaking a British taboo and being open about money works for us. And it's not just about sharing salaries, it's having more honest chats about hopes, dreams and money stresses. A friend told me she's saving so she has a safety buffer, so now I understand why she says no to festivals. If you're talking to people you trust, and no one is showing off, talking about money is illuminating: 'Oh, so *that's* how you afforded a flat in London!' I hear myself exclaiming. Also, it's hard to resent someone when you know they're working all the hours in a misogynistic law firm to afford that Mercedes. And I now realise that just because a friend earns more than me, it doesn't make them immune to money worries. I earn more than I did 10 years ago, but money can still be as stressful now.

There are points in our life when talking about money is important – asking for a rise, working out a maternity package. If we can't talk to our friends, why do we think we'll do better in these high-stakes conversations? I've found that talking helps me work through stresses – and saying 'I'm worried about money' doesn't mean you're asking a friend for charity. Once it's in the open, you understand friends' choices and can discuss important topics properly, like should you move in with a boyfriend after six months to save on rent? And how much money is it *really* OK to spend on a room in Corsica?

GET FINANCIALLY FIT

Look at your money If you don't know what you have, how do you know what you can spend? New banks like Monzo and Starling have apps that show exactly where your money is going. Switching is easy.

Be proud of what you earn It might be loads, or less. There is no shame in not being motivated by money, and also zero shame in so-called 'selling out'.

Consider investments Women don't invest as much or as early as men. Yet money kept as cash has zero potential to grow.

Spend thoughtfully Notice how you spend money in the shops you pass every day? Instead of impulse buying, consider what would make a difference to your life. Mindful spending feels good.

Know that you deserve money We tend to be scathing about the rich, but everyone deserves money and to close the pay gap women need to feel deserving. So be confident in asking for more.

Get rid of one-click buy options With contactless payments and tech innovations like Alexa, it's too easy to buy things we don't need. Disable one-click buying.

Save Call it a fuck-off fund or a buffer, but savings represent financial freedom. The peace of mind that comes from having savings beats the high from any impulse buy.

Have a budget Work out how much money you have left each month after bills (and savings!) and divide by the days in the month. Then use an app like Yolt to help you track your spending.

Talk about it The most empowering thing you can do for your bank balance is talk about money so you feel comfortable plotting out a business plan or asking for a pay rise.

'The Money Book' by Alex Holder will be published by Serpent's Tail in spring

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