

EPISODE 471

[INTRODUCTION]

[0:00:33.3]

FT: Welcome to So Money everyone, great to have you. I'm your host Farnoosh Torabi. A friend of So Money is back today to talk about protecting one of the most high anxiety investments many of us make and that is college tuition. It's not cheap to go to university these days, so I think the average student is graduating with over \$30,000 in debt and that's just the debt, that's not the money that they've paid out of pocket to go to school.

Catherine Alford is here, she was on So Money last summer, episode 113 if you want to check it out later. Back then she was on the show to give details of her life as a personal finance blogger and aspiring entrepreneur. She was and is still the bread winner and mom to two year old twins, *How is She Doing It?* That was the scope of our conversation there. Fast forward a year, Cat is increasingly getting her work and message out there by collaborating with brands, doing tons more press. She was on Good Morning America not too long ago and so she's become a major voice and influencer in the world of mom bosses.

She is on the show today to discuss her latest initiative and collaboration, working with Allianz Tuition Insurance. Specifically, sharing advice around protecting your college investment in the event that you or your kid needs to take a break due to an illness or injury. Not all tuition reimbursement plans work alike and insurance in those cases can come to the rescue. Plus, Catherine has some exciting personal financial developments to share with us like how having her husband finally out of medical school and working has been good for their relationship. Plus, moving to the Midwest from the east coast and how that's affording them a bigger life.

Here is Catherine Alford.

[INTERVIEW]

[0:02:19.8]

FT: Catherine Alford, welcome back to So Money. It's great to hear your voice again and then I'll be catching up with you a little bit on the show.

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CA: I know, I'm so excited. It's great to talk to you, it's been a few months.

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FT: At least and the last time you were on, we were talking a lot about your personal journey as a mom of twins. At the time your husband was in medical school and so you were very much carrying the financials of the family so you had a lot to share for listeners about how to just manage all of that as a bread winner, as a mom of twins, as a blogger and entrepreneur as well. So this time, I'm catching you on a campaign, you're working with Allianz tuition and so we want to first talk about that partnership and how you're helping families save for college.

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CA: Sure. Yes, I'm working with Allianz Insurance and it's actually tuition insurance and this tuition insurance has been in existence since the 1930's and then Allianz just started offering it in all 50 states this year. They started last year and a lot of people don't know it exists. They ran a survey and 81% of people had never even heard of it.

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FT: Yeah, I've never heard of it. Tell me what is college insurance? How does it help you? Why would I need it?

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CA: Sure. Well a lot of people don't realize that if your child gets sick or injured and has to leave college, they might not get their money back. Because colleges, it depends on which one, but

you usually have until week six, week eight, week nine, whatever their policy is to drop out and get a refund for your tuition. If you go past that, you get in a car accident in week nine and your university is like, "Sorry, we already provided you with the education, you don't get a refund."

And before maybe it wasn't that big of a deal but now that college tuition has increased drastically, 70% since 2000, now a lot of parents are considering this tuition insurance and that's why we're trying to spread the message because basically if your child has to drop out, due to illness or injury, the insurance will kick in and they will pay back your tuition money up to a certain amount, those are a couple of different levels of the insurance.

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FT: The same survey that found that a majority of parents didn't even know what tuition insurance was, found that only 55% of students will graduate in six years. That's a lot of kids that aren't graduating. And just to reiterate, what are the circumstances where this would protect you, it has to be like for an injury?

[0:04:57.5]

CA: Sure. So they'll reimburse your college cost when a student has a serious illness or injury. They will also cover mental illness, if you have to leave for a mental illness, as long as you have a hospital stay, two night hospital stay. And then they have the highest level of their insurance, which is the most expensive but that will cover you for any unforeseen reason. But they will not cover you if you drop out due to bad grades or drug addiction.

There are some outlying circumstances like if you have a serious catastrophic football injury or something like outside of the normal realm of getting meningitis or getting in a car accident. But I would definitely encourage parents to call and speak with them and sort of figure out what's covered and what's not. And all the three different levels, obviously as you spend a little bit more, you get a lot more protection.

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FT: Right, we're seeing a lot of students already in college, for those families that's a little too late to sign up, but could you sign up next year before school starts?

[0:06:08.1]

CA: Absolutely. So the great thing about this is that year by year, it's actually semester by semester. So anyone who is listening to this and is interested and is like, "Oh my gosh, I didn't get that in the fall semester," as long as you buy it before your child starts school in January, you can do that. And I shouldn't even be saying parents, because students, if they're putting the bill for college themselves with their own student loans then they can also buy this for themselves.

[0:06:32.4]

FT: Got it, whoever is financing it. How much is the cost? Is it nominal enough where it's totally worth it or it's really still a consideration because we just talked about how expensive college is, this is just an added cost. So I can see where parents would say, "You know what? We just can't, we can't do it. We're going to take the risk."

[0:06:49.7]

CA: Right, exactly. Luckily there are those three different levels and the lowest level is only \$30 for the semester and that will give you up to \$2,500 back and the middle level is a little more than 1% of the tuition and that will give you up to \$50,000 back. So a lot of people go with that middle level.

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FT: Any sense of how often this gets redeemed?

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CA: I actually don't have those numbers on me, how often it gets redeemed. But if it was me and I had two kids in college...

[0:07:28.0]

FT: Which you will one day.

[0:07:30.3]

CA: Oh here it comes. We both will have kids in college at the same time. If it's affordable and you don't mind spending the 1% of the college tuition, I would renew it ever semester. You never know what happens. When I moved into my college dorm at Tulane, it was Hurricane Katrina. It was literally evacuation day for Katrina then I promptly moved out, turned around and left. So you never know what's going to happen. You would think that college students are young and healthy and they're at the prime of their lives, but I wouldn't see a reason to not renew it each semester.

[0:08:05.7]

FT: It's kind of a range of disability insurance where it seems like similarly, what qualifies as a mental illness is very broad or any illness rather is very broad. It can be physical, it could be mental. Depression is a huge problem on college campuses and it forces a lot of kids to take time off. So I wonder if you're prone to that, this could be a real help.

[0:08:29.6]

CA: Absolutely. Actually, last year, 100,000 students sought mental health treatment and one in 10 of them ended up hospitalized for psychiatric reasons.

[0:08:40.3]

FT: Oh wow. Yeah, so at least first check with your institution, your university or college to understand what would be qualified, in what case would you might be qualified for a reimbursement or just maybe a pass and then you can come back.

[0:08:58.1]

CA: Sure. Just do your research, know what you're getting yourself into. And this is one of the biggest purchases, investments I should say that you're going to make. Aside from your house and your car, if you have saved for 18 years for your kid go to college and you're going to spend \$100,000 plus on it, it pays to know, to make sure that that money goes to actually educate your child. Yeah, so I think that's definitely the first step is just figuring out what the policies are at your child's university.

[0:09:24.2]

FT: Well with any other big ticket purchase, whether it is an engagement ring, which we know now there's insurance for that, there's insurance for your art work, there's insurance for lots and lots of big ticket — your wedding event. Also there's wedding insurance. So I think...

[0:09:42.7]

CA: Celebrities can ensure their body parts.

[0:09:45.4]

FT: There's that. You can insure pretty much anything but I guess. The point is, if you're going to make this big ticket expense, you might want to look at some safeguards to protect that investment. Very, very smart. Okay, let's move on to the fact that you are, reminder, a mom of two and they're only three years old now, right? Barely.

[0:10:06.5]

CA: They're almost two and a half. So they're still little turkeys yeah.

[0:10:11.1]

FT: Oh my gosh. So are you saving for college and how are you doing it?

[0:10:14.5]

CA: I am. I'm actually saving for them in a custodial account and I haven't moved to the 529 plans or anything like that just yet because my thought is that I will be able to Cash Flow College with our income or save a little bit more as they get older. But right now, I'm putting all the money they get from their grandparents and the money they get from us, I try to match what grandparents send them each holiday and birthday.

I just kind of wanted them to have an account that they could use for whatever they wanted, whether it's a down payment on a house. If they want to do something outside the norm like do a study abroad trip, they want to start a business, buy a car, I just kind of wanted them to have a pile of cash there that's not restricted to use on education. But in the future I might move towards those more traditional college savings plans.

[0:11:03.1]

FT: Sure, once you understand what kind of kids you've raised and what their goals are. Are you one of those parents that's okay if your kids says, "Mom, I don't think I want to go to college."

[0:11:12.3]

CA: I mean, I can't imagine them not going to college with two parents who are so educated. I just can't imagine them not, but at the same time, you see so many entrepreneurs and business owners who do really well and they start really young. I'm saying right now that I'm flexible but I'm sure they're going to go that traditional route. I want them to and I'm sure they will, but I guess you never know.

[0:11:38.3]

FT: You never know but I think a lot does come down to family values and you're both college educated, your husband obviously went to medical school. So it's important in the Alford family, but you never know.

[0:11:52.7]

CA: If someone's really good at, you know if my daughter's really exceptional at ballet and then you would join a company at 18 and go to school and go to college later and I'm just trying to not force it, we'll see.

[0:12:04.0]

FT: Right.

[0:12:04.7]

CA: They can barely string three words together right now, so I'm trying not to get ahead of myself.

[0:12:08.3]

FT: So a custodial account, is that different from brokerage account?

[0:12:12.3]

CA: It is essentially a brokerage account, it's for minors. It's in my name and their name and they will get access to it at age 18.

[0:12:21.8]

FT: So it is being invested in things other than just...

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CA: Exactly. It's invested in mutual funds.

[0:12:27.4]

FT: Oh good. It's being a little bit more aggressive than just a savings account.

[0:12:31.4]

CA: No, it's not like in a savings account. It's invested, it's just, they don't have to use it for educational expenses. They could use it to buy a car if they wanted to at age 18.

[0:12:39.8]

FT: Got it. Okay. So you've had a lot of life changes in the last year. Your husband's now a doctor, you've had some financial relief in the household, hopefully, not shouldering all of it on your own. How has the transition been? You've moved as well. Tell us some of the life changes and how you're affording them?

[0:12:59.7]

CA: Sure, with any transition is both good and bad, there's always the challenges to moving an entire family to another state and for us, we moved from New Jersey to Michigan. Financially, I feel so much more relaxed Farnoosh. I mean for five years, because my husband did an MPHMD joint program. So for five years, he was in school and we had kids, and I was shouldering all of the financial responsibility. It was very stressful for me.

Even though residence don't get paid a lot, I mean it's pretty much public record, on average, residents get paid around \$50,000 a year. It's still just so nice to know that one person has a steady paycheck, and you know Farnoosh, I was paying around \$8,000 a year for health insurance for us and now he has health insurance with his job. And so I instantly got another \$8,000 raise. So I feel a lot better and we're just adjusting to the new schedule, the fact that he's working 80 plus hours a week and we're just trying to — I'm just trying to find my socks right now.

I got everyone else moved in, we still have some boxes to unpack and no, I think we're finally in a good place. You worked so hard to get to this point and we're here and in four more years we'll be even better financial position. Yeah, so we just keep working, we just keep trucking over here.

[0:14:21.8]

FT: Your brand has really blossomed in the last year, you've revamped your website a little bit, you're working with brands, tell us about your own entrepreneurial growth. It think that's pretty remarkable given that as the breadwinner, mom of two, hustling, you've managed to really focus well on your own brand cultivation and growth.

[0:14:44.5]

CA: Absolutely. When I first started my blog, it was called Budget Blonde and it was about this young grad student on a budget who is about to get married and it's just, I've become a professional person in my space, in the personal finance space, over the last six and a half years and I wanted my blog to reflect that.

Actually, you were wonderful, you gave me such great advice when I went through the rebrand process. Rebranding everything under my name, making sure that everyone who came to my website knew that I was appealing to women who wanted to learn more about money and who possibly wanted to start their own businesses.

A lot of it was just cleaning up my blog. I deleted 400 posts and just anything that's old and didn't relate to my new message, my new brand. But yes, we have an amazingly gorgeous website and I think because the site looks more professional, because each article is more professional and less like, "here's what I bought at Target today", you know?

It's a little bit, I'm treating it more like a business. Before, it was a hobby that grew into a business and I'm treating it like what it is, which is a professional business and I think brands have started to notice that and now when they go to the site, it doesn't say "Budget Blonde" with all this hot pink stuff. I mean there's still pink there but it looks real, it looks legit.

[0:16:07.1]

FT: It looks fantastic, yeah. You should do a post if you haven't already on, I'm sure you have sort of talked about this to your audience because it was a very big transition that you made publicly. But how you went from blogger to business woman, for real. How it starts with how you introduce yourself online. And your website is such invaluable real estate and I even think that my site, I'm going to go through a little bit of a re-haul this year I think because while I love my site and it was, I think I go through a transition every few years of kind of reformatting. I'm still getting inquiries from people that assume that I will do things for free.

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CA: Well, I don't think that will ever go away.

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FT: Like big thing. I mean I'm all for doing things with charity and pro bono when it makes sense but to fly across the country and speak to your huge organization and you have no budget, it's like, am I putting forth the wrong message on my site that I'm free for hire?

[0:17:08.7]

CA: No, I don't think that you're broadcasting "free for hire".

[0:17:12.5]

FT: Well you know, you get enough inquiries on that, you start to wonder, "You know, maybe I need to be a little bit more transparent on the site about you know, what my priorities are," and my priorities at this point are not to work for free. People will always try to get you for nothing but I think that you need to sometimes evaluate your messaging and maybe I got to just use some different messages on my website or just be more forthcoming about what it is I want to do.

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CA: Just make a big banner that says, “I charge a lot.”

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FT: Yeah. “I ain’t free”, at the very least.

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CA: “Don’t even ask unless you have a lot.”

[0:17:54.0]

FT: Well, it doesn’t have to be a lot but please, let’s find a happy medium.

[0:18:01.0]

CA: It’s hard for digital entrepreneurs anywhere. Anyone who has some aspect of their business that is digital, it’s hard because there’s so many free blog posts flowing and there’s so many people who want to get into something, they will fly across the country and speak just to get a feel.

[0:18:15.6]

FT: Yeah, certainly. I did that at one point in my career, I would have done that. I would have jumped at opportunities like that 10 years ago but I think you do that so that one day you don’t have to do that.

[0:18:26.0]

CA: Exactly. You have a family, you don’t need to fly anywhere unless someone’s actually sending you a paycheck for it.

[0:18:33.2]

FT: I recently read an article about how becoming a parent helped a woman really grow her business because it creates a clarity, it gives you clarity on what your dos and your don'ts are. I found that when I became a parent, I not only started to demand more for my time but I also became very fluent in saying "no" to things that I may have before said "yes". Because it either was not a good use of my time, it wasn't worth the time, my money, the money wasn't there. What have you found to be some of the new rules to your business as since becoming a parent? Especially not just to one child but to twins.

[0:19:17.9]

CA: Right. I would love to read that article because I can relate to that and I'm a middle child so I'm all about people pleasing, reducing the tension, that's a typical middle child thing and I have really overcome that in the last few years. And just like you, I've had to say "no" to a lot of things and actually right now I'm not accepting any new writing clients. For the first time in over six years. I must get two or three inquiries a week and even though I know, hey, I could get paid a couple of hundred dollars for a post and it probably wouldn't take me that long, it's just for me it's the head space and knowing that I need to focus on my own brand.

Because to me, clients can come and go but I'm the best person who can work for myself. I need to spend the time and carve out the time to work on my — I'm happy to work for myself for free because it will lead to something. So I think with the kids and with my business rebrand that happened last year, I would say just more of a focus inward on my own business and trying to be cognizant of the client work that I take on, when it comes to writing at least. Very time intensive writing projects.

[0:20:27.0]

FT: Client work, like the work you're doing with Allianz is, it takes time to develop those relationships. You have to be proactive, plant seeds, negotiate. These things don't necessarily come to us. Sometimes they fall on our lap but most times, it's really about us putting the hard

work in ahead of time and being proactive and that you can't do when you're doing five to 10 writing assignments a week.

[0:20:52.5]

CA: Exactly. Absolutely, this relationship with Allianz, I mean I reached out to them several months ago and they are such a huge company. They're global company that's been around 120 years, so they have many different sectors and they offer me different types of insurance. So I traveled a lot in the beginning of the year and work with them on some travel insurance post and when you do a good job and you work hard and you get that message out in a nice and creative way, companies want to continue working with you because you do good work.

So this is months in the making and I do think a lot of people look at entrepreneurs or public figures and they say, "Gosh, they get everything," or, "They get the biggest jobs," or, "They work with the biggest companies." But it takes years and years to work to get to a point like this for sure.

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FT: What's next for you? What do you want to do in the next year or two? Are you thinking that ahead and as you have more time now to reflect on how to grow the business, what are your goals?

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CA: Well, I want to find my socks is the first thing. When I have an office...

[0:22:00.1]

FT: Just give up on that, you'll never find the other sock.

[0:22:01.8]

CA: I really want to find my stuff and I want to get my office set up. I have a whole entire upstairs of my house to myself for my, I'm doing a lot of video content creation. I'd like to add to that, it's really fun. But it's going to continue to be updating my website like I said, we deleted 400 posts and now it's going to be a real focus on that passive income that isn't really passive because it takes a lot of work to get there with affiliate posts and working with larger companies.

In trying to find that balance and I would like to, within a year, anyone can come to my website and go to any post, and it's really good and solid, a thousand plus words, lots of good information, lots of good recommendations and I just like, I'm just kind of cleaning up shop over there.

Again, that will make me well poised to work with other brands in the future. So yeah, that's the goal, keep on keeping on and trying to adjust to this schedule as far as like my husband and my family goes and sort of like keep my energy up and stay positive and keep working through it. It's tough but...

[0:23:09.6]

FT: It is tough. Well you know, I wrote the book on female breadwinners and I'm just curious now that there's a little bit more balance financially in your household, how has that helped you in your relationship with your husband? And also just from a, you already said that it's been a nice stress relief, has it helped your marriage?

[0:23:29.9]

CA: I think so. I think he is happier now because he went to med school after being in the work force for a few years. So he's 32 years old as an intern. I think for him, from like a manliness and masculinity perspective, I think he feels good contributing something. It never really bothered him that I made more than him and I still make probably around three times more than him right now. but it doesn't bother him, I think he's just happier, he feels like he's contributing, he feels like, "All right, I might be a resident but I'm a physician now, I'm not in school anymore."

And I think he's going to feel even better and more confident in four years when he's actually practicing physician. Then maybe we'll even out a little bit. Maybe he can make more than me, I don't know. The goal is that we work together and we actually do have all completely joint accounts so it's never really been his or hers, it's just all kind of goes in the same pot but yeah, I think he feels great, he's contributing and that has helped I think.

[0:24:32.4]

FT: I think to look back on your journey as a couple when you first discovered that you were going to have twins and I remember reading about your kind of crisis moment that you weren't sure how it's all going to work with him in school and now you're parenting, financially, time wise.

Looking back on this last now, it's probably been what? Four years or so? Five years? What would you say helped you thrive through those years? Were there some best practices, advice you would give to couples who are facing similar futures?

[0:25:08.9]

CA: Yeah, I think that my husband and I, we're just incredibly supportive of each other. I have spoken to so many women who want to start their businesses, but their husbands are like, "But you're taking care of our kids, that's your job, you're a stay at home mom," and they might want to do things.

My husband's grandmother, she worked in a cafeteria in an elementary school her whole life and she had the opportunity to go and take a little class to become a manager at the cafeteria and her husband wouldn't let her. It always kind of stuck with my mother in law. These are all the messages that kind of trickled down. I think the ideas that you have to support each other. My husband is like the one that makes me invest to my business.

I'm like, "I don't want to spend the money." I'm the more frugal one. He's like, "No, this is going to pay off, spend the \$10,000, whatever it is, do the course, do the coaching, do the website revamp, it's going to pay off." And I'm supportive of him. I mean, the other day I thought he was

going to be home at 5:30 but someone came into the ER bleeding right when he was about to leave and he ended up being delayed for another two hours, she had to go into surgery. So I'm the one over here that's like, "I can't wait for him to get home so I can give this children to someone else."

Then I have to wait two hours and it's just trying to get through the tough moments and know that we worked so hard to get to this point and if we just keep working hard and we keep working together then the rewards are going to be even greater as the years go by. I know 10 years from now we're both going to be really successful. Our incomes, we're going to be very comfortable, our children are going to be well taken care of, it will be worth it but we're still kind of in the middle of it, we keep fighting through. So I would say, a lot of support of each other, try to support each other and their dreams. If your spouse wants to do something try to help them do it, don't crush it, you know? Help them along.

[0:26:56.7]

FT: Patience, it sounds like you each have a lot of patience, you have a lot of patience.

[0:27:03.2]

CA: Wine helps, you know? When it gets to that, 5 or 6 o'clock hour, just pour a little bit. It helps you get through the rest.

[0:27:10.3]

FT: Since we last spoke, you've moved to Michigan, you were in New Jersey, New York area which I assume was a lot more expensive. So has that transitioned, at least financially, in the cost of living been helpful?

[0:27:24.0]

CA: Yes, I think so. We were able to buy a house here because it's just so much more affordable here in Michigan and yeah, the cost are lower. Just getting groceries is so much less

expensive here. So I think overall, this four years will be a good opportunity for us to really pay down some of that med school debt and get on really good financial footing to prepare for the big income job when he is no longer a resident.

[0:27:50.3]

FT: Do you think you'll move back? What do you think of so far? What's your take on the mid-west?

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CA: I want to move back to New York, I want to be by you. I look at Zillow all the time. I'm like, "Upper west side apartment, Brooklyn apartments." I just try to motivate myself like, "You've got to work hard, you have to start building up a big chunk of change and move back to New York." I just loved it there so much and I mean, who knows? I never thought I'd be here, I never thought I'd be near New York in the first place but yeah, we'll see.

[0:28:20.6]

FT: Well, I respect you so much and I do hope you make it back here. But also remember that so many people have said on this show, those who have retired early or have amassed millions of dollars at young ages, they attribute a lot of that to location and being able to save money. You don't become a millionaire at 40, unless you work for a hedge fund or something, in New York City. Or on the coast. Forget California in New York. It's people who choose specifically to live in areas where the cost of living is much less. You can get to that finish line a lot faster but depends on what your goals are. I don't think your husband is going to be retiring at 40 or you will either.

[0:29:03.3]

CA: Nope, I don't think we have a big plan for that, we like working and feeling productive. I don't know what I would do in an RV going across the country, I really don't.

[0:29:13.0]

FT: I also say, I have so much respect because between your transition and moving to the Midwest, you had a little bit of a break like about a month. You took your family to Europe and traveled. At two years old, I can't even take my son to the grocery store some days. So I need to read a page out of that book that you write one day.

[0:29:34.0]

CA: Right. Well it was like 50% great and 50% like, "What were we thinking? That was a crazy idea." We try to make the best of it, it was basically like real life Farnoosh, you just moved it to a different location. So you still had the tantrums and this and that, but you also had the good moments too. You're just in Europe, in Sweden and in Iceland.

[0:29:52.6]

FT: Is it kid friendly? I hear it's actually more kid friendly in Europe than in some parts of the states?

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CA: I mean, I actually was supposed to go to Finland for a week but I stayed in Stockholm, Sweden for an extra week because it was so amazingly kid friendly. There was so much of the kids, they loved it. It was a beautiful place, I really want to go back and just stay there for a few weeks and as the kids get older, there's so much for kids to do.

[0:30:16.2]

FT: Good to know. All right, Cat, thank you so much, I'll let you get back to parenting, I know your kids are — you're a multi-tasking today.

[0:30:22.5]

CA: Right.

[0:30:23.1]

FT: You're my hero. Tell us where we can learn more about Allianz and the college tuition insurance?

[0:30:29.8]

CA: Sure, well you would go to Allianztuitioninsurance.com.

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FT: All right, we'll do. Thanks for the good information, good luck and we'll catch up again soon.

[0:30:41.5]

CA: Thanks Farnoosh.

[END]