

EPISODE 669

[INTRO]

[0:00:35.5]

FT: It is the moment you've all been waiting for, well maybe not but hopefully this gets you excited. Guys, I'm launching a money course in partnership with the very smart people at investopedia.com. I'm launching a major soup to nuts money course that is targeted at young professionals who want to make the most of their money. So do you want to squash those student loans, catch up on savings, earn more money?

Maybe buy a house or just negotiate a better lease on your rental, my Nine Module Money Course arrives early January to be the first to register for the course and receive a special So Money discount, go to somoneycourse.com or if you don't want to leave your cellphone right now, just text me. Text "somoneycourse" that's one word, to 44222. That's "somoneycourse" one word, to 44222. Hope to see you.

[EPISODE]

[0:01:29.6]

FT: Welcome back everyone, Merry Christmas, December 25th 2017, to those celebrating, hope you are having a festive day around family and friends. I hope you are enjoying the day with loved ones and finding time to relax because you deserve it. This is our third show dedicated to reviewing the best of the year and today, we are focusing on the intersection of women, work and money.

This topic came up a lot in 2017 as you can imagine. It was a historical year for women starting back in January, we had the Women's March on Washington which was reportedly the biggest single day demonstration recorded in our country's history. Then late in the year, the #metoomovement, an outpouring of women's accounts of sexual harassment in the workplace

led to a number of high profile and highly paid men losing their jobs over overwhelming claims of sexual misconduct.

Call me an optimist but I sort of feel like the New Year has got to see an uptick in female hires and promotions, am I right? But to bring this all back to the podcast and the goal of So Money, here we try to bring stories and strategies that it can help us all conquer our financial challenges and often, we talk about the place where money comes from and that is our jobs, work. Deepa Purushothaman is the managing director of the Deloitte Women's Initiative and she joined me back in March, episode 553.

She is tasked with the important and great job of building opportunity, enrichment and new thinking around talent and inclusion in the workforce so that all leaders especially women can thrive. Now she and I had a massive conversation in the Spring about women in the workplace and here's an excerpt where she addresses some of the controversial advice out there that women should, you know what, Just learn how to make peace or at least play along with some of the male driven standards at work.

[EXCERPT: DEEPA PURUSHOTHAMAN]

[0:03:36.9]

FT: How do you react when people promote and when I say people, like career experts and leadership experts often quote from the male playbook, the male corporate playbook?. People criticize and [inaudible] for that in some aspects. How do you reconcile that in the workplace when clearly you're a woman and you are not a man, what's the balance there?

[0:03:58.3]

DP: Hey, you know it's funny. I think it's one of those things where earlier in my career that used to bother me. It used to really wear a big chip on my shoulder on why are people seeing me as younger or why are people seeing me as a woman first and that's not how I want to be seen. I think overtime I've really learned that that's really more about me and not necessarily – or I'm sorry, I should say that's more about them not about me.

And really have been able to put a boundary around myself as a result of that. I also had definitely had discussions with other women. Do I spend Sunday watching football so that I can have go a conversation about that and be part of the water cooler talk, and I have chosen not to. I think there's a lot of different perspectives on it and my advice to people is I don't think one is right or wrong. I think you have to find what works for you.

For me, those weren't things that interest me so I didn't really want to play the game or adapt to a male style that wasn't who I was. I found ways to do things in a way that was authentic to me that felt good for me and find ways to connect with people. I think a lot of that dialogue is about relating to people and getting people to connect with you so that they open up and that you trust each other and you can work better together.

I think if you emphasize or find other ways to connect with people that are truly authentic to you, it doesn't have to be on a male-female sort of traditional or stereotypical line.

[0:05:22.1]

FT: But at the same time, there are gender differences but do you see a time and place in the corporate world just like what we're seeing in other realms of life this sort of gender fluidity that we're not just going to start seeing each other as men-women and therefore stronger, weaker, different? That would be a great ideal place to be I think in the corporate space.

[0:05:44.0]

DP: Yes, I think that's the ideal place to be. I guess for me, yes ,we have to acknowledge some of that so that it happens but I also think that there's a real value in playing to your strengths and really figuring out what works for you and really emphasizing that. So I'm not suggesting it doesn't happen, I'm not suggesting that it doesn't exist. I just think that rather than placing energy and trying things that aren't you, I'd rather play to ways that works for me and place my energy there, it doesn't work for everybody but it works for me and it has made me happier and a better leader as I do that.

[END OF EXCERPT]

[0:06:21.7]

FT: Now listening to all of this, I'm left wondering that even when you play to your strengths as a woman who works and who may want to have a child while working, the fact is you need to navigate a whole number of things that can impact your profession and your bottom line. For starters, should you take time off in the workplace to have a family, to raise a family? Lisen Stromberg was a guest in February, episode 535 and she is the author of *Work Pause Thrive* and in this excerpt, she offers some strategies around answering this hot button question.

[EXCERPT: LISEN STROMBERG]

[0:06:57.0]

FT: Going back to helping somebody who is contemplating, taking time off and being strategic, so many of us decide to take time off to be with our families because it comes down to the economics and you dedicate a whole chapter to money in your book.

What should the math look like? Because you're not just losing a salary potentially, you're losing the ability to invest in your retirement account, you might lose some of your healthcare benefits potentially, I don't know, depending on your setup prior to it. Of course, you're not paying in the social security so there's that.

As women, we're living longer, we have to take better care of ourselves financially. How do you reconcile all of that and do the right math?

[0:07:35.7]

LS: It's a really important question. The answer is, it's really hard to pause and actually maintain a lifetime income right? If you're actually going to take yourself out of the paid workforce, you're going to lose all of the things you suggested.

You're going to lose access to your social security or in putting to your social security. You're going to lose that daily income that you get, you're going to lose all the things that having an income matters and it's so important.

Doing this is very important to your being strategic. Let me pull back and start with the big message which is, so many of the women I spoke to said, "Well I'm the one who left my career because my husband was A, making more money than I was and so we figured that my salary against childcare was more expensive to have childcare." Well, fine, except for both of you are actually parents for those children. Both of your salaries should be applied against that childcare. That's one thing I ask a lot of them to reconsider. The problem of course is with the next generation millennials. Many of them have big student loans and then on top of that, horrible childcare expenses, they're forced to leave because they can afford to do both. It's a real problem.

[0:08:45.9]

FT: It is and there's actually a website, I'll put it on the blog later for listeners where you can go and calculate your potential loss of earnings over time if you leave work for six months, six years, whatever it is. It's really good to put things in perspective but I was just talking to my –

[0:09:03.9]

LS: Farnoosh, sorry to interrupt you but I did that, 1.6 million. I lost 1.6 million by being unpaid workforce for five years. That's a lot of heck of a lot of money. You know, in my lifetime, that's a big tremendous hit and so I'm encouraging women to be really smart about it. Now, do I have regrets about making the choices I did? No, for me, ultimately it was the right decision. If I had spent the time to have done the analysis, I might have done it differently, I might have handled it in different way.

[0:09:36.1]

FT: Right, I mean, money isn't everything but it is an important part of the calculation. How can we start there? That's where we start with the economics.

[0:09:45.7]

LS: Right. So many of the women I spoke to struggled with their decision to have actually pulled out the downshift of their careers. They ended up divorced or their husband lost their jobs, the economic security that they had when they had that partner who could provide the healthcare and could provide that foundation for whatever reason went away.

When it goes away, what do you do? There's no faking it there if you've been out of the paid workforce. Being really smart about how you're going to handle it and what you're going to do. One of the things for example I did, I always continued to give in to my IRA at the top of not possible.

At least I knew, even while I was out of the paid workforce, I was still providing for my retirement. I knew that that was really important. I also did insurance, I maintained my own insurance so that if something were to happen, I mean, my family wouldn't be completely traumatized financially.

[END OF EXCERPT]

[0:10:39.9]

FT: Now speaking of retirement, I want to transition to Sallie Krawcheck who is a friend of the show. She's been on a couple of times, founder of Ellevest, an investment platform for women, a Wall Street veteran, she is also an advocate for women in the work place and gender equality. Here is Sally talking about how having less money can mean feeling less empowered at work, followed by a conversation about weighing the cost of risk taking at work and in life.

[EXCERPT: SALLIE KRAWCHECK]

[0:11:10.7]

FT: You've mentioned how we need to recognize that money means power, which sort of also feels masculine in my definition. Seeing money as this powerful thing to take over, to dominate. What do you mean, Sallie, by power in that context?

[0:11:26.2]

SK: First of all, we're in a capitalist society and so you can start with the — It's the way of score. To back up, I mentioned earlier, there seems like there this paradox. There is not. I mentioned earlier, we women have so much in a way of financial resources that we can use and wrapped in and reward companies that are acting the right way and punish companies that are not.

However, on an individual basis, we women don't have as much money as men do and there are all kinds of studies on this but one example which you all know of course, very well is women retire with two-thirds the money of men in general, despite the fact that we live longer. I call closing the gender money gaps and of course as you know, I'm particularly interested in the gender investing gap, the best career advice women aren't getting. Why?

Because do you feel better going into your boss's office to ask for the new assignment if you have more money in the bank or less? To ask for the overseas assignment, to ask for the new hotshot, to leave the company because the boss is a jerk and start your own business. To leave the relationship with the boyfriend or girlfriend who was so nice five years ago and now is acting like a jerk themselves.

Money gives us, and I don't have to convince you, degrees of freedom. Money gives us power and while that may be a masculine word, the concept of that freedom and the ability to live the lives we want to instead of being hemmed in, "I can't leave this marriage, because if do my standard of living will go down a double digit percent and his will go up a double digit percent," right? Those are traps. Those are traps.

[0:13:07.9]

FT: I firmly believe that more women need to make more because if money means power, then it can mean that as women, because that's just our nature, we will use that power to help people, to help our loved ones, not to take over necessarily, but to provide, to serve –

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SK: Farnoosh, women having more money whether they're closing their gender pay gap and another thing the book points out is when I used to go ask for a raise, I just sort of say, "Hey, can I have a raise?" Now, there's so many resources out there for knowing how much I should be getting paid. You know whether it's pay scale, or get raised, or any of these things. Closing our gender investing gaps –

Closing these gaps is absolutely good for women, we know that. It's good for our daughters. There's research that indicates that if we are out there and working, our daughters make more money over the course of their lives. It's good for our families. It puts more money into our families. It's good for the economy. Sometimes, guys – I was just doing an interview on a number of guys – were angry about this. "There is no gender pay gap. How dare you, woman!" You're like, "Dude! Dude! Do you have any women customers..."

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FT: Women think that too.

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SK: I know they do. Mind boggling, but like, "Okay. Fine." Putting more money into women's pockets, "Dude! Do you have any women customers?" Because if they have more money, they spend more money,"right? It's good for the economy, for society, and to your point Farnoosh, it's good for nonprofits because women are more generous in giving to nonprofits than gentlemen are.

It's a win, win, win, win, win but something in our psychology that if somebody else makes more money, somehow it diminishes me because I think of myself on a relative basis. There's a kink in our brains, it has us think that. When, in fact, this is just so great for everybody.

[0:15:06.9]

FT: The last time you're on the show, we talked about how you, over the course of your career, have become very risk-aware for obvious reasons. At the same time, you also believe that a person's biggest asset is not their investment portfolio, it's themselves. Marrying those two thoughts, Sallie, how should we go about assessing personal risk when we want to climb in our career, our financial life, start a business, ultimately own it but then, there's this whole other life we're leading as well; we have kids, partnerships. We have to constantly be reconciling risk in our personal lives. Any advice around that?

[0:15:44.2]

SK: Yeah. Here's what I would say, that we need to have our eyes open around this that if we think about the ways business is changing, I talked about it. Technology is changing business. One example, Farnoosh, just a handful of years ago, when I ran Merrill Lynch, I had all the information. Dealing client surveys was so expensive that even the number two company in the industry could not afford it. I had the data and no one else did.

Today, information is so cheap, everybody's got it, right? Whether it's much less expensive surveys or even asking a question on Twitter. All of a sudden, we've all got the information. That's a dramatic change, a dramatic change. I can talk about another change. Think about the changes that are going in marketing. Just a handful of years ago marketing was all about brand building and creativity.

Today, it's about that, plus multitouch attribution analysis, deep data analytics. This change is happening so quickly. I think for some of us, we think, "What?" That idea of, "I am going to take career risk." "I don't know. I don't know that I want to do that. That's uncomfortable. I'm not going to do it." You know what guys? Not taking career risk is taking career risk now, because things are changing.

We need to really be in the flow of what is changing. Continue to stretch ourselves professionally. Continue to push ourselves professionally and recognize the part of this new world, means that we are more likely to get fired than we were historically. That the idea — I mean, think about it. Today, can you imagine anybody starting at a job at the age of 23 and retiring of 65 with a gold watch? It's just not going to happen any longer.

We, as women, take failure more personally. Part of, Farnoosh, why I wrote about my own personal failures in the book was to try to normalize it. "Look, I got fired in the front page of the Wall Street Journal, by the way, twice. Here's how I got through it. Here's how I got up the next morning. Here's what I did," because failure is going to happen more often and so I think we have to accept it.

It gets back to what you and I talked about, which is being financially fit; having an emergency fund, having the savings, having investments so that if and, more likely, when that happens you're in financial shape to manage through them.

[END OF EXCERPT]

[0:18:12.9]

FT: Sallie is one of my heroes, no question there. Rounding out all our throwback to all the best interviews around women, work and money is Alice Finn, the CEO of Powerhouse Assets. Alice offered key investing advice for women on episode 582. According to Alice, it's not how much you save, it's what you do with your money that really counts.

[EXCEPT: ALICE FINN]

[0:18:36.6]

FT: Let's get a little philosophical, turning the tables now to learn a little bit about how your brain works and your money background and I understand that you're an advocate for women and as we know, women make less than men. But the bigger problem you see is that we're not even

investing or saving the money that we make and so one of your philosophy is that it's not how much you make, but it's what you can save and most importantly invest.

So talk a little bit about that and why you think that is more important. Because we do talk about on this show how it is important to earn as much as you can especially women with the wage gap. So talk a little bit about that philosophy and how you came to it?

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AF: Okay, so the way I came to it with my father was a diehard investor and when I was growing up, he had a mantra, "It's not how much you make, its how much you save." So of course I remembered that in my first job. My first job I actually worked for NASA for the space agency and I remember I was making not very much money. But I remember by the end of my first year, I'd saved \$5,000 and my parents were really proud of me because I'd saved money.

What I came to realize after a few years was that, that's not where it stops. You have to take the money that you're saving and put it to work for you. Get it compounding, get it growing and that's what in the end will create wealth and the richness to be able to plan your own life so that you don't have to work for money, eventually. What I look at is the wage gap, while it's bad, it will lead to, for women, tens of thousands of dollars less than men. I guess it depends on what field you're in but at least tens of thousands of dollars less over the course of the lifetime. But if you don't, if you can't invest your money or don't invest your money that will lead to over a million dollars of lost opportunity cost. So it's just exponentially worse if you don't invest.

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FT: What's even worse not to get too morbid here but not starting as early as possible? You started with your first job saving \$5,000, had you invested that at that stage in your life, so much money by the time 20 years later or 30 years later. So it's really important to get this message in for young women. For the older generations, people who are say in their 50's or I hear a lot of times people are approaching retirement with nothing. Is there any way for them to catch up a little bit?

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AF: Well, certainly if you have nothing, you have to save some to be able to invest it. Usually what I hear from people is that they feel like they're about to retire so they shouldn't invest because they're going to use that money for retirement. But hopefully, most people that are retiring today will have decades to live. So the money that they need in the next two or three years, yes, you should not have exposed that to the market because you don't want to have to take it out if the market happens to be down when you need it.

But, the money that you're going to need over 10 years or 20 years, that should be invested in the market and you should take as much risk as you can sleep with at night. That has to do with your personality, your risk tolerance et cetera. You really do need to get that money working for you because you're going to need it for a long time, hopefully.

[0:21:54.6]

FT: What do you make of this saying that women are less risky than men and as a result don't earn as much when they invest and some of them, they're so risk averse, they don't even invest to begin with? Do you see — has that been true in your experience working with clients?

[0:22:13.2]

AF: I think if women don't understand how investing works, yes, they end up wanting to just keep their money safe. But once I sit down with them and talk with them and show them how the investing works and that's one of the reasons I wrote the book is I want people to start understanding that, if they don't already. Then they realize that getting their money to work for them is actually in some ways less risky because if you put your money in a bank account these days, it's earning nothing.

By definition, you're losing money against inflation. The risk of that and you're not being able to retire, that's huge. It depends on how you define risk and I think if you read a book like *Smart Women Love Money*, you'll get the perspective that you need to understand that investing of

course it involves some risk but it's a calculated risk. It's not like going to a casino, the odds are with you when you're investing.

In fact, just as an example, if what I explain to people is if your grandmother or great grandmother had taken \$10 in 1926, right before the great depression and invested it in US large company stocks, today, that \$10 would be worth \$60,000. Had your grandmother, great grandmother invested in small company US stocks, that \$10 today would be worth over \$20,000. So, just think about that, it's the trend is up and of course there's going to be ups and downs, there will be volatility but if you have enough time, the odds are with you and that's why it's important to get your money working for you.

[END OF EXCERPT]

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FT: And that is a wrap. Thank you Deepa, Sallie, Lisen and Alice for their honesty and candor on the topic of women, work and money. I hope you enjoyed this throwback. Remember to hop over to somonycourse.com or grab your phone and text "somonycourse" one word to 44222. Promise, I will let you be the first to know when my course is live and how to score a discount. Thanks for tuning in everyone, Merry Christmas and see you back here on Wednesday, hope your day is So Money.

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