EPISODE 1548

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FT: So Money episode 1548, Ask Farnoosh.

[INTRO]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. August 4th, 2023. If you've been listening to the show this week, you know that we've been talking a little bit about red flags. On Wednesday, we invited Farah Sharghi on the podcast. She is a corporate recruiter who came with incredible intel on things to look out for when you are on the job prowl, when you're interviewing with a company. What are the red flags? We don't often look for them because we're just happy to be there. We're just happy to have been invited maybe on the Zoom or into the office to speak with corporate or speak to the manager. We have gone past all of the other applicants, and so we're hoping we get the job at this point. We're not thinking that the company might not be a good fit for us.

Yet Farah says this is something that we all should feel empowered to do. So go back and listen to that episode. One of the things she said, one of the red flags is like when a job recruiter or a hiring manager at a company says, “How would you deal with or how have you dealt with in the past with a toxic co-worker or a toxic team member or a toxic manager?” That may seem like they're just asking to see how you are good at being strategic or managing emotions at work. No. She says a lot of times that question is because they themselves, the company themselves has a history or is trying to maybe figure out like who could be a good person on this team because there is a toxic person on this team that needs to be reckoned with. That's usually a red flag.

She offers a good follow-up to that. It's not just that you look for the exit signs right away from the interview. But what are some ways to kind of get to the source of that and figure out whether or not this company is toxic or not? I love red flags, and I write about this in *A Healthy State of*

Panic. I love red flags. I dedicate many pages to red flags in the book. I myself have experienced that. I call like that spidey sense, that gut instinct, that internal feeling that something isn't just right in your career, in your financial life, in a friendship. I listen to it. I love red flags because, typically, what red flags, at least for me, how they've shown up in my life, it's an opportunity for you to pause and re-strategize or just reflect on the move that you're about to make and the real risks involved.

For example, and I write about this in the book again, in my 20s, I suspected that my accountant was not to be trusted. Why? Well, it wasn't because he had made any real mistakes on my tax return, although there was this one time when I had told him I was getting married. So for the whole year, I said to him, before we file, we need to make sure that we file this year as married. He said, “Sure, sure, sure.” It was like on various emails. I told him. I told his assistant. Then, of course, he goes, and he files the tax return and says I'm single. So I bring it up to him, and he's all yelling at me like, “Well, did you tell me?” I said, “Of course, I told you. There's like – are we having this conversation?” Then he fixes it, and then he sends me a bill for his time. So that was just, for me, like one huge red flag, and there were others too where he was just not a nice guy. So I fired him. Do you know that many years later, he ended up going to jail for tax fraud?

Another time, my husband and I let go our contractor who was about to take on a massive renovation in our home. If anyone's been through renovation, you know there are many moving parts. We had finally gotten to the point where we were ready to break down the walls. This contractor, I won't tell you what he did, the things he did. The day before we were about to break down the walls, I fired him. It was just this one experience that I had with him right before we were about to proceed that he kind of showed me who he really was, and it terrified me. I said to my architect, who was actually the one who recommended him to us, I said, “I can't. I can't because you know why? If this is who he is, then it's going to blow up. There's going to be a series of events or just one really bad event where his personality is going to derail this project, and it's going to be very costly, and I'm not willing to take that risk.”

Then another time, one last example I'll give you, there was – I was on this job interview, and I was going to interview at a very big financial magazine. I'll just say name starts with F. The manager who was interviewing me at the time, he would have been, again, my future boss. He was, wait for it, playing Solitaire on his computer during the interview. Like he’d ask me a few questions, and he'd go and make a move on his screen. I was like, “Really?” So I just realized like I can't work here, and I never followed up. I didn't even so much just give him a thank you following the interview because he was just the worst. He didn't follow up with me either. I don't know. He just didn't like me and didn't care to even just pretend that he had any time for me during that interview. The job description was amazing, and part of me really, really, really wanted to kiss his you know what and get that job. But I just didn't bother.

So listen to the latest episode of So Money with corporate recruiter Farah Sharghi. Farah has worked at Google, Uber, TikTok, New York Times. She knows what's up. Pre-order *A Healthy State of Panic* if you want more on this and other ways to leverage fear. As I say, taking red flags seriously and acting on them while possibly difficult and stressful and costly in the beginning, it can be the wisest thing that we do. I want to end on this with red flags. It's not like you always have to react to a red flag, right? I'm not saying like walk through life looking for them and looking for exit signs right away.

But when you get that feeling, that instinctive feeling that something is off with a person, with a situation, ask yourself this. If failure arrives as a result of me turning a blind eye to this red flag, will it matter? Will I care? Will I look back at this moment today and see that I could have done something to protect my chances for success, but I chose not to? This is the question. This is the inquiry that we have to give ourselves when this fear shows up so that we can choose whether or not to listen to the fear or not. We all have different risk tolerances, right? So some people are okay with like rolling the dice and taking on a job, where they may know it's a hostile environment. But for them, this is an important aspect to the resume, and they need it to get to the next step. They're playing the long game. I couldn't do that. I couldn't take that job knowing that because I was already in a hostile work environment, and I wanted to find a better place. I wasn't going to go from one hostile place to another. That just was – just I couldn't afford it anymore at that point.

So *A Healthy State of Panic,* I know many of you have pre-ordered already. Why are pre-orders so, so important? Because booksellers like to see healthy pre-order figures like in the thousands before committing to the book and pre-ordering a bunch for their bookshelves. So in short, if you don't have good pre-order numbers, your book's visibility and the chance for reaching as many readers as possible diminishes. It's unfortunately a numbers game, right? You got to sell books to sell books. It's crazy. I appreciate all of your support, hanging out with me here. This is an exciting month for the podcast. I have a very well-known guest, a star comedian and actress coming on the show later this month. So be sure you have hit subscribe. You are up to date on the shows.

Another episode I want you to check out from this week, very important episode with my friend Donovan X. Ramsey. He is the author of the new book *When Crack Was King.* Now, on this show, we often give context, right? We give historical context for the reasons that we have today, things like the wealth gap and systemic problems in our financial system and broadly. So Donovan came on the show to with us explore the crack era of the 1980s and 1990s. When you think about the crack era, like it's typical. Our minds think about how the media or political campaigns discussed it, how policing was in the 1980s and 1990s. It was very violent. Still is. Donovan's book is just this kaleidoscopic view through four people who experienced the crack epidemic, how they suffered, and how their lives were shaped, and how their communities were shaped as a result of the crack epidemic. His book has been revered by the New York Times, NPR, LA Times. We talk about how the failures of that era continue to haunt and hold back our plight against drugs, as well as our push for social justice and wealth equality.

Donovan is also, fun fact, my former intern. I'm a little biased maybe. But objectively speaking, this book and I think something everyone should read if they, again, truly want to understand and grasp the realities of the wealth gap, all the inequities that we have in our country today. *When Crack Was King* is the book, *A People's History of a Misunderstood Era.* Link to that episode in our show notes.

All right, let's go to the iTunes review section. I'm going to do something a little different today. I'm going to pick someone who did not like a recent episode and left a very unfavorable review because I think I have something to say in my response to this review. Firstly, orwellll is very unhappy. He or she wrote a review calling the podcast episode in particular that this person listened to, “Highly irresponsible advice from a guest.” So I thought let's talk about this. Let's unpack this because I think sometimes it's important to address the reviews that challenge the show.

So here's what this person said. “Though I initially enjoyed this podcast, I was shocked during the student loan episode when a guest financial expert, Georgia Lee Hussey, told a questioner in their 30s with $250,000 of student loan debt to ‘not worry about it’ and ‘just make the minimum payments.’ She further encouraged the couple to invest in stocks, buy property, have children, despite this massive debt, and how she still ‘has a cute little student loan payment after all these years herself.’ Georgia Lee failed to mention how colossal the amount of this already huge debt would become after years of minimum payments, all of which must be paid eventually and cannot be cleared, even through bankruptcy. I can honestly say this is the worst financial advice I've ever heard from a so-called expert. Sadly, this foolishness went completely unchallenged by the host.” That's me.

All right. So, yes, we did discuss student loans on that episode. Yes, Georgia Lee has been on the show many times. I love her advice. I think she's an incredible expert. She's the Founder of Modernist Financial out in Portland, Oregon. She works with high-net-worth clients, helping them navigate their portfolios and their financial plans, usually, with this anchoring mission to do good in the world. Like her clients come to her thinking, “Okay, how can we manage our money in a way that is not just driven for profit but driven for doing good in the world?” So a lot of her work is focused on socially driven investing, giving back, et cetera, et cetera.

I'm just giving you some context on Georgia because she's coming from a good place, a really, really good place. I honestly agree with this particular guest’s issue of, okay, we have this debt. But also, we should mention that this person who came to us, this couple that came to us, they made good money, and they had savings, and they had investments. They wanted to start building their life by having more kids and investing in other things. Yes, debt is not something that we take lightly. The student loan crisis in this country is colossal. I wish that the government and banks wouldn't just hand people these loans without so much of a credit check. But that's another show.

But here we are, someone who has a quarter of a million dollars’ worth of student loan debt. The interest rate probably around five, six percent. Here's my question that I would ask this listener, who I don't know what they would say. But here's my question. If this person had a mortgage of $250,000, would we tell them to aggressively pay it down at the expense of not having children, at the expense of not investing in other things in their life that would make them happy? I would hope this person would say no.

So why is this student loan debt, which by the way probably carries a term far less than a mortgage of 10 years, be any different? We should treat it any different, okay? This is debt that for this couple was manageable. The amount terrified them because, yes, in the aggregate, $250,000 is a lot. That's not a thing to take lightly. But broken down month by month, the question becomes can you afford it? Can you sometimes put an extra principal payment maybe towards it? Here's the other thing. Even if this loan is a five percent interest rate, you can actually maybe take out a CD and make a little bit more money with that extra principal payment that you might put towards the student loan debt. Like mathematically speaking, putting money towards this debt isn't probably the wisest move over the long run. The stock market will produce you more in probably those 10 years. A CD right now will produce you more in 12 months.

So mathematically speaking and also speaking from the heart, because I want this couple to have more than just their focus be on this debt, to pay it down according to schedule, while also doing other things that are meaningful to them. That's what we were saying in that moment. I hope that this listener is listening to this and understands where we were coming from now with a little bit more clarity. If this person is still unhappy, I can't change this person's mind, and I'm not going to. I'm not going to spend more breath on this. I think that there are just some people in this country, in this world that do not like debt no matter what and believe that debt is the most important thing to address before you address your savings, your investments, your other life's goals.

I come from a different place. This isn't credit card debt. This isn't very high-interest revolving debt. This is a student loan that's on a term with a low interest rate. This couple had other ducks in a row and wanted to do more with their money and was wondering how should – how to prioritize, which is a fair question. I and Georgia gave them our honest-to-goodness answer, the thing that we would do for ourselves. So I got a two-star review because of that. I guess the only thing left to say here is that if you, listener, liked this show and you want to promote this show, leave a review and help this two-star review maybe get less weight and not drag down the show's reviews as much because we know where I'm coming from and where my guests are coming from. It's always coming from a place of goodness.

All righty, mail bag time. First is Sierra in the audience who has a question about overpaying on a credit card. She says, "Hey, Farnoosh. I have an upcoming trip, and I'm thinking of overpaying on my credit card as a technique to budget a set spending amount, while making sure the card balance remains at zero. I wondered if others may do this when they know a big purchase is about to hit their card as a way to keep their balances very low or at zero."

Huh, this is interesting. So overpaying your credit card, i.e. having a negative balance so that as she is spending on this vacation, on this trip, that negative balance approaches zero dollars. But for her, this is like a budget. If it's negative $3,000 or maybe less, I don't know. But let's just use a round number for the sake of easy math. Negative $3,000 and this is her budget. As she gets to zero, she knows she needs to become more careful with her spending. That's fine. I mean, look, I think anything that you want to do that can help you better manage your spend, get a handle on that budget, and feel like you can be more comfortable and relaxed on this trip that the money is there for you. Along the way, maybe you're getting credit card points for this spend because you have a rewards card or you're getting cash back.

You know what? This is a different kind of hack. I've never really heard of this, and I like it. I kind of like it. What you could also do is just make sure that before the trip comes up that your balance is at zero. Then in your mind, you're like, "I'm only going to spend $3,000 on this trip. I need to be tracking my spending on this credit card to make sure that I stay below that certain threshold." Then come back and pay it off with your cash in your savings account, your checking account as soon as you get back or at the next billing cycle. So there's a couple of ways you can do this, but this seems to me like a personality-driven technique. You know I love that. I love when you manage your money by doing you.

This, to me, doesn't really pose risk. The only thing I would say is that if liquidity is a real concern for you. Like in other words, you really want to have cash in the bank because you are that person who has more of a fear or trepidation around solvency and liquidity because maybe there is a pending layoff at your company. In your word, you're going to be included in that layoff. So having a negative credit card balance versus having that cash in your bank account instead may be what suits you more in that scenario. So it's important to think about how else this money may be better accessible to you. Is it better accessible to you as cash in a checking account or savings account? Or you know that you're going to have some definite expenses on this trip, that having this negative credit card balance. It will get used, and there's no way around it, and it's just nice for you to know that you have this already sort of taken care of.

By the way, if you're curious, a negative credit card balance does not hurt your credit score. No. A negative balance is not factored into your score. I would, however, let your credit card company know what your plan is, that you're intentionally creating this negative balance. I was reading on Xperience website, as I was researching this a little bit, that a significant negative credit card balance can suggest fraud in some cases. You don't want your bank, your credit card issuer to lock down your account if they suspect fraud. We're reading about those. In the New York Times, it wasn't about credit cards but about bank accounts getting shut down because banks were suspicious of fraudulent activity. In many cases, there wasn't fraudulent activity but as a precaution.

It's not like a temporary freeze. They were actually closing the accounts, checking accounts, savings accounts. You can imagine the hurdles, the hiccups that come about when you're at a restaurant, and you're trying to pay with your debit card. Or you're going to the ATM, and it's like, “Sorry, your account no longer exists.” They won't tell you why, other than the suspected fraudulent activity. That's not super common, but it was in the New York Times. I've heard of this happening during the pandemic, when people were collecting unemployment insurance from one state, and then they move. Banks saw this as potentially like someone trying to rig the unemployment insurance system. Just peace of mind to tell your credit card company this is what you're planning to do because you want to budget. This is not a red flag for them.

All right, Ali writes with a complex career conundrum. Say that 10 times fast, complex career conundrum. Long story made short, Ali works in the insurance industry. She does well, but she just feels like she hasn't really found her people. She described the company environment as toxic. What she has discovered about herself is that she's really great at financial planning. She deeply loves the opportunity to spread financial equity through literacy to marginalized communities. She sees a lot of possibilities in this career field to achieve these goals. However, she's struggling because she needs to prioritize her financial security and foundation before jumping with both feet into this entrepreneurial world. Sometimes, she wonders if there are other job opportunities in the financial realm that will pay her a relatively high salary. She wants to make at least $100,000 a year. But give her the agency and the room to grow.

“Can you help me think outside of the box,” she says. “My greatest assets are my big-picture thinking, communication, teaching, relationship skills, followed by high levels of organization, critical thinking, and problem solving. What are your thoughts?” Or she says, “Do I just tough it out and keep my focus on building my practice to a point where I can find a new home? I'd love any and all advice and thoughts that you have because I am lost and overwhelmed. Thank you.”

All right, Ali. First of all, thanks for coming to me with your question, for trusting me to give you some thoughts and guidance as you are trying to strategize. I talk about this in *A Healthy State of Panic.* Sometimes, when you have this fear of losing, and in this case it sounds like your personal freedoms, your personal freedoms to pursue the career that you want without objection, without toxicity, a lot of us are in this hell hole where we've got this goal. But to get there, we have to deal with a lot of discomfort, potential rejection, potential people not being kind, empathetic. We hate going to work. Like can't we just pursue what we want on our own terms?

In my own personal career trajectory, I encountered hostility when it came to becoming a mom in the traditional workplace. Companies at the time and still were not set up to support families and have those family members come to work and show up for the companies, right? There's very little maternity leave, let alone paternity leave. So we've come a long way, but there's a lot of work to do. But I saw this as a real challenge. Like you, Ali, I started to think like where am I going to find my people? Where am I going to find a company that's actually going to nurture my goals, both professional and personal? The way I thought out of the box was to become my own boss, start my own company.

To your point, you have to be protective of your financial security at first. You can't just do this blindly. So I sucked it up for a while longer but always with this goal in mind. With this goal in mind, I started to save more aggressively. I started to put my thought leadership out there. I wrote a book while having a full-time job. I started a blog while having a full-time job. I started freelancing and giving talks and going and going on TV while having a full-time job. But I didn't necessarily love. Nope, these weren't my people. But I didn't want to wait for all the ducks to line up, all the financial ducks to line up. I was going to start to carve out my own independent work while doing this job. The independent work was where I found joy, and it was always a reminder to me that this is what I want to be doing, and it was confirmation that I was very interested in leaving my job.

But truth be told, I got laid off, and the decision was kind of made for me. But at that point, I had my own stuff to go to. I had, as I said, the book and other sorts of things going on that I could leverage. So my advice to you, my “out-of-the-box advice” is you got to be realistic, which is not out-of-the-box advice. But take inventory of your finances. Realistically, if you quit your job today, how far would that get you? What is your runway? If you're not comfortable with that number, then realistically you probably do need to keep working and sucking it up for a little bit but with the intention that you're going to leave. Create a timeline. In six months, in one year, I am going to quit and work backwards. What is it going to mean for you to be, A, financially secure and, B, feel like you have the evidence, the proof, the added confidence to do this thought leadership and this financial planning, helping marginalized communities full time?

Don't wait. Like a page out of my book, don't wait. You can start to do some of this while working full-time. Could you start a blog? Could you start a newsletter? Could you begin to engage an audience somewhere? Maybe you're not getting paid, but you're building up that community. You want to be able to leave this job and be able to enter a community that already knows you. It's not huge yet, but it's there. It's, again, proof-positive that you're going to be successful.

Salome asks this question, and she's going to finish us out today on Ask Farnoosh. She says, “My husband and I would like to work with a financial planner. We feel pretty behind in terms of money life goals, as we are just starting to make decent incomes after many years in grad school. Both of us are 35 without much savings or retirement saved. But we are also wanting to have a kid soon, potentially buying a house. We would love to work with a professional to help us figure out how to prioritize these different goals and big expenses. What should we look for when hiring a financial advisor, especially when we are not focused as much on investing and more on general life goals and savings priorities? Thank you. Your podcast has been amazing, as I've started to grapple with some of these questions.”

So, Salome, I don't know if you need to work with a financial planner. It doesn't sound to me like you have a ton of to-dos. I mean, the to-dos are big, the ones that you identified; having a kid, buying a house. I'm not sure if a planner is yet someone to invest in. I know that you don't want to get help with investing. There are planners that don't do that, frankly. Most modern planners and the ones that are really watching where the market's going, they're not going and rolling up their sleeves and getting their hands dirty in your portfolio. They're outsourcing a lot of that to the automated platforms that are accessible to all of us like the Betterments, the Wealthfronts, all of those digitally-run investment platforms because they realize that's not where their time is best spent. To be honest, these platforms are far more efficient than humans when it comes to creating beautiful diversified low-fee funds, portfolios.

All that said, I think what you may want to look into is, one, either working with a money coach because what it sounds like or what you're grappling with is the prioritization. There's a lot of maybe emotion wrapped up in these big goals of wanting to start a family, have kids, and buy a home. Perhaps someone who is skilled in more of the sort of big-picture stuff and analyzing your emotions and coming up with a plan for you that is not just financially sound but emotionally sound too. So money coaches are out there. What I would look for in a money coach is some sort of certification, some sort of social proof that they are helping people and are successful in helping people, whether that is through their own programs, online, their reviews. You can sometimes find them on social media.

But I wouldn't dive deep into the financial planning world yet because they would probably want to set up a plan for you that would be thousands of dollars. A lot of financial plans that extrapolate to like your retirement, they cost money. They're an investment. If you're willing to make that investment, sure, work with the CFP, a fiduciary who is going to do that for you and build out that model and along the way tell you where the holes are. Well, you need a 529 plan for your kids, or you need to start a baby fund. Or here's where you can start to save for, I don't know, that down payment on a home.

But I don't know if you need that. I think what it sounds like is maybe just someone to kind of hold your hand a little bit. A money coach could be great. Also, there are financial therapists that you would work with. I'm a firm believer in therapy. Within the therapy community, there is a growing field of behavioral financial therapists who help people navigate their money and their emotions. Through that, develop a plan that makes sense again. The numbers line up, but also it lines up with where your emotions are.

Also, I would say that there are experts out there that whether you're looking to get more advice on budgeting or family planning, they have niche expertise. You can find these people typically through, well, social media, using key hashtags, or following people that – if you listen to this podcast, you may have come across some of these guests who focus on more family planning. For example, Nicole Stanley, she tends to work with young couples and people who are in the planning stages of their financial lives. These people are out there, and it takes a bit of Google searching and social searching and maybe podcast listening to identify them.

That's our show. Thanks so much to our listeners for their questions. I'll see you back here on Monday. In the meantime, I hope your weekend is So Money .

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