

EPISODE 114**[INTRODUCTION]**

FT: Hey everyone. Welcome back to So Money. I'm your host Farnoosh Torabi. I'm excited for today's guest. She's a nationally recognized credit card expert, consumer advocate, and former Certified Public Accountant. She's also the author of the new book, "The Dead Escape Plan" and three other highly acclaimed books. She has extensive media experience and is frequently invited to speak at major events and conferences. Her name is Beverly Harzog.

In addition, Beverly creates custom content for credit-related websites, she serves as an expert witness for legal firms, and assists marketing research firms looking for insights on consumer behaviour. More importantly, she knows what it's like to be in thousands of dollars worth of credit card debt and how to get on the other side of that. Beverly has amazing insights.

Some from our interview, I'll just go through a few as a tease. One, how she did rack up, you know, \$20,000 in credit card debt, but more importantly, escaped it in just two years. How she scored her first publishing deal. If there are any prospective authors here on the podcast, you'll wanna tune in for this. And how a lack of self-confidence at one point in Beverly's life led her to irrational spending. I can relate to this.

Here is Beverly Harzog.

[INTERVIEW]

[00:01:51]

FT: Beverly Harzog, welcome to So Money. I am so honored to have you on the show. Congrats on the book!

[00:01:59]

BH: Well thank Farnoosh. I'm happy to be here.

[00:02:02]

FT: "The Debt Escape Plan" and also three other books - tell us about how you became an author. I know that many of my listeners are experts in their fields. They have a book in them, and I want them to write that book. How did you get started?

[00:02:19]

BH: You know, I decided that I wanted to traditionally publish, you know, self-publishing is very popular right now. It's, you know, it's a great way to make money and reach your audience. But I really wanted to do traditional publishing because I wanted to use the main stream media to get the word out. And, you know, I spent several, decades actually, as a finance journalist. So you know, I had a good feel for the media and what I needed to do. So I started reaching out to agents when I had my first idea. My first book was about person to person lending, right when it was just becoming popular. So I was trying to, you know, get on the wave of something that was up and coming. And that was a very good strategy for me that worked, and then I went on to do more books.

Once you get your first book with a publisher, it's much easier to get another deal. I mean, as long as the book does pretty well. Right now, traditional publishing is very difficult to break into if you haven't written a book before. But it's not impossible. You just need a great idea, write a terrific proposal, put a lot of research into it, and let your passion shine through. And that's really the thing. You want to be sure to use your passion, you know.

[00:03:36]

FT: But I will also say, you need to explain your platform and that is becoming more and more a differentiator between someone who gets published and someone who doesn't. And I unfortunately see this happen a lot is where someone's got a great idea, a lot of passion, great proposal, but they live in obscurity. And a publisher, because they don't have the marketing dollars anymore to help you promote that book, they want, they really lean on the author to do that for them. And if you don't have a social media following, if you don't have a blog, if you don't

have, you know, any kind of media traction, they're likely to pass. Was that the experience you've had recently?

[00:04:11]

BH: Yes. That's one of the, you know it's so unfortunate because there are some terrific writers with great ideas, but you are so right. And when I decided I wanted to do traditional publishing, I started working on my platform. You know, I started working for Card Ratings several years ago because that gave me an opportunity to become an expert in my field in a very public way. And yes, the platform now is more important than it's ever been because traditional publishing, you know, they need help getting the word out. They're great at publishing and designing [chuckles] you know, getting the book on the shelves, but you really have to do the selling yourself.

[00:04:53]

FT: Talk about your latest book, "The Debt Escape Plan". You speak about debt very personally because you experienced it, you know, you'd think that at this point we would know enough about how to get out of debt. I mean, you just Google it, there are a lot of websites out there, people have gone through it, you can lean on friends and family to help you. Why the book?

[00:05:15]

BH: You know Farnoosh, I wrote a book called "Confessions of a Credit Junkie" about a year and half ago. And I got so many emails from my readers saying, "Hey I really love this book, but I wish I had read it before I had got into credit card debt". And so I got so many of these emails and I noticed, you know, I keep track of what's going on in the credit industry and I could see that debt was increasing. So I just thought, "This is the perfect time for this book". It, I've had about \$25 thousand in credit card debt. This happened to me when I was young, in my 20's as soon as I got out of college and started getting all of these, you know, terrific credit card offers. So I knew how to get out of debt. I got out of debt in about two years. And I thought, "This is the time. I can really help people with this book, and this is the perfect time to do it".

[00:06:06]

FT: How did you get out of \$20 thousand in credit card debt?

[00:06:09]

BH: Let's just say I have a lot of peanut butter and jelly sandwiches for a couple of years!

[00:06:14]

FT: I had the tuna fish plan. But yeah. [Both laugh]

[00:06:17]

BH: Yeah it really is amazing how much money you can save when you stop eating at restaurants, and stop going out for, you know, happy hours every night. You know, I just really, you know, I don't want to say I sacrificed everything because I did not. In fact I think that if you sacrifice too much, you're setting yourself up for failure. So I, you know, I cut back on entertainment. When I went out with friends, you know, I reserved it for happy hour so I could get 2 for 1 drinks [chuckles] and free buffets, that sort of thing. And I cut back on expenses that I didn't need such as, I had a very expensive health club that I went to. I did not need to have an expensive health club. But I did need to exercise because that's the way I handled my stress, being in debt is very stressful. So I downsized that expense. I started going to a local gym in my neighborhood. So you know, my advice is don't give up everything, but cut back on what you can. Keep a few little treats for yourself because you're gonna need it to stay motivated.

[00:07:24]

FT: That's unique. I never hear of debt expert saying, "You know, treat yourself!" [Both laugh]

[00:07:29]

BH: Yeah you know it's funny Farnoosh, because I didn't realize that what I was saying was a bit controversial [Laughs] until I started saying this publicly and being quoted in the press. I just

think that it's very important. We have to be good to ourselves, and you know, let's face it - getting out of debt is difficult. It's hard, you know. So it's very important that you take good care of yourself, and keep just a few little treats. I'm not saying go out and buy a sports car [chuckles]

[00:07:57]

FT: Right, and use cash for those treats, don't charge it back on the credit card.

[00:08:00]

BH: Right. But if your latte is important to you, go ahead and keep that latte. But you've gotta find that money that you're spending on that somewhere else in your budget to cut out. You know, you've gotta give and take a little bit and just choose what's important to you and what's not.

[00:08:15]

FT: Right, so if not the latte factor, some other factor that can, you know, add up to a substantial savings in the long run.

[00:08:21]

BH: That's right. That's right. That's a great way to put it. And you know, if your latte isn't important to you, by all means, give it up. You know, if it is, keep a little treat for yourself. You know, if getting a manicure every two weeks is important to you, do that. Okay, but cut back on your entertainment budget, or somewhere else.

[00:08:39]

FT: Well, what is your financial philosophy on all things Beverly? As someone who is a debt expert, but also an expert I think on just living a good financially healthy live. What is your number one money mantra?

[00:08:50]

BH: Okay. My number one money mantra would be sort of, you know, what I was just saying. "Don't give up everything, okay?" It is very important though to have some long term goals. You know, one of the reasons I was able to get out of debt in just two years was because I started planning. I started, you know, thinking about what I wanted? Where I wanted to be in 5 years, and you would be amazed at how motivating that is in the present. You know, I've, you know, I wanted to do some traveling. You know, when I got married I wanted to start saving for my kids' education. So when you start thinking about your long term goals, that really helps you in the present. So I would say, it's sort of a, you know, take sort of a global view on this thing, you know, if you think about where you want to be, that helps you make the best decisions right now!

[00:09:48]

FT: Right, it's the perfect carrot. Because getting out of debt just do get out of debt, that's kind of meaningless. It's not fun, it's not motivating, but when you can paint that picture of a rosier life ahead of that. You know, be very specific about it, whether it's a house you wanna buy or a wedding you wanna plan, that get's you off the couch.

[00:10:11]

BH: Yes, it does. I'm a very visual person. So I had poster boards with pictures of a house I wanted to buy in the future. At the time I was single and I didn't know if I'd get married and I thought, "I'm buying a house whether I'm single or not!" [Both chuckle] So I started saving for my future, and that was very, very motivating for me.

[00:10:32]

FT: What was money like for you growing up? What's your greatest money memory from childhood?

[00:10:38]

BH: You know, that's a great question for me because I did not grow up in a family with money. We had, you know, I would say we had enough to, you know, meet all our monthly expenses but, you know, this was a long time ago. My mom was a stay at home mom so we were doing all of this on one salary. So I think that what I learned during that time was that there were a lot of things we could not afford. [Chuckles] And, you know, I have to say that I think this is one of the reasons why I kind of went overboard when I got outta college. I was making a very good salary - I was a CPA. I was making a very good salary. When I started all these credit cards I had these huge limits, and I was just sort of 'drunk' with the power of money. And I think, you know, I think that that is, you know, somewhat directly related to the fact that I grew up without it. And it just felt really good to spend money. I mean, it was an emotional issue for me.

[00:11:37]

FT: Yes. As it is for so many of us! How'd you get over the emotional part of it? That's like the part that's often the hardest.

[00:11:46]

BH: I agree with that. It is very difficult, and you know, one of the things I point out in my new book is that you've got to get to the root of why you're overspending. Now for some people it's, unfortunately you might have, you know, a healthcare crisis, something like that. But if you got into debt because you're overspending and you're basically a credit junkie like I was, you've gotta get to the root of your problem. And so I did a lot of soul-searching and I, you know, I realized. I started thinking back to my childhood. I realized too as CPA I hated my job [Both laugh] I have to say I totally hated it. I hated being in a cubicle -

[00:12:25]

FT: I have to give you a lot of credit because accounting is not the kind of thing you can do when you hate it. Like you have to love it because it's so boring! [Both laugh] Let me tell you, I did not do well because it just, it put me to suh-leep! And I just couldn't get my head wrapped

around it, like it's like physics. You need a whole like, use a whole part of your brain that is not woken up most of the time.

[00:12:49]

BH: Right, right. You know, my son is just a math genius and he must have gotten it from my husband - [Both laugh] - you know, he did not get that from me. You know, I actually did pretty well in my accounting classes because I'm a bit of an over-achiever. So I just studied hard for every subject I had. [Chuckles] But I really did hate that job and so I started thinking about that. And then I started matching up, you know, when I would spend money to what happened that day. So I started thinking very carefully about, you know, matching up these events. And I realized, after tracking this for about - it only took a couple of weeks - you know, if I had a bad day at work, I needed a new pair of shoes.

And so, you know, it was very clear to me that, you know, there was the root. And then I started even going further back, why. Why do it? Why does this make me feel better? And Farnoosh, honestly, I didn't have a lot of self-confidence. This was back in the 80's and I was in a field that was mostly men at the time, and I felt like I needed power suits to feel credible, that I needed power accessories, power lunches, power cocktails. And really, it was like a never-ending thing. It just kept growing and getting bigger. And so once I started really focusing on learning about personal finance and you know, corporate finance, and personal finance are so, so different. It's not intuitive at all.

Once I started focusing on learning about personal finance, credit in particular, I started becoming very confident in my ability to control my money. Really, for the first time in my life. And that started spilling over into my professional life. So it was a process. This did not happen overnight. And as I became more confident at work, I was able to, you know, reign-in my spending. And I got on a budget, I was able to stay on it. So it was sort of like, "Okay, I can do this!" And being able to successfully, you know, reign-in my spending made it much easier for me to keep going. That in itself is motivating. And that may sound a little hard, but you know, the more I learned about finance and the better I was at keeping my budget, the more self-confident I became. And that helped me resolve that issue and just focus on getting out of debt.

[00:15:13]

FT: What was your biggest financial failure. I mean, getting into \$20 thousand worth of credit card debt would be one perhaps, but was there something else too or other things that you look back and you're like, "Wow, I really goofed on that one"?

[00:15:28]

BH: [Laughs] I'm almost embarrassed to tell this story, but I'll tell it! [Chuckles] During the time when I was spending, I decided that I wanted to go on a cruise. And as you can imagine, these cruises are very, very expensive. This was an 8 or 9 day cruise. I had 10 cents on my chequing account at the time. I know this is crazy, but I wanted that cruise, it was like a young professionals-type cruise, and I was going on that cruise no matter what. And I put it on my credit cards. So that contributed to my \$21 thousand in debt, and I have to say that that moment was probably the worst financial decision I made during that whole time. And you know, I shared this in my book "The Credit Junkie" because I want people to know that we all do some really dumb things when it comes to money. But at the time, you rationalize it out. You know I was thinking, "Oh I hate my job. I need a vacation. I'll feel better when I get back". But no, I hated my job even more when I got back because I'd had so much fun on the cruise. So I would say, you know, having no emergency fund, okay, and then spending that much money on a vacation that I totally didn't need - that was a big failure. That really was.

[00:16:44]

FT: Yeah man. So, just to digress a little bit, the day that you quit your CPA job, take us there. I wanna celebrate this a little bit with you.

[00:16:54]

BH: [Laughs] You know, as I started studying personal finance, I decided I wanted to have a plan to get out of being a CPA [Chuckles] to be able to have a better job. So I started transitioning into freelance writing, becoming a finance journalist. But I was still in debt at the time, I knew I needed to keep the job, that was the responsible thing to do at the time, while I

was getting out of debt. So I started looking for another job, I asked for a raise at my current job - in fact that was my first step and I really recommend this for people. Especially if you're in a situation where you've been at your job for a long time. You're probably underpaid and you're not even thinking about it, you're not aware of it. Do a little research and be sure that you're getting market value. If you're terrific at your job, you should be getting more than the market value. I really truly believe that. So I, you know, I asked for a raise. I got it. That helped. And then I started looking for another job that was not quite as painful as the one I had, and that was terrific. So I left my current job, went to the new job, and within two years I left that to freelance full time. So yay!

[00:18:02]

FT: Yeah. So good, you had a plan. That's important.

BH: I did, I did. And it was, you know, wasn't something that could happen overnight. And during that time, you know, I learned a lot of patience. Sometimes you do have to go through something a little painful - and this is where the long term goals come in. You can handle something that's currently a little bit painful if you know it's going to end, if you have a plan and you can see the light at the end of that tunnel.

[00:18:26]

FT: Amen! Financial success, Beverly. What would you say was your ultimate So Money moment?

[00:18:33]

BH: [Chuckles] Yeah that's actually pretty easy for me. My So Money moment was when I paid off that debt. That last cheque. That was fabulous. And you would think I would go out and have a, you know, a huge expensive dinner. But I really didn't! [Chuckles] I just went out and had, you know, a normal great time with my friends and that was just, that was a shiny moment for me. That represented self-control, personal growth, and professional growth because I transitioned

into what I actually wanted to do with my life. So that was it. Paying off that big debt. Taking my life back.

[00:19:11]

FT: What was the first thing you did when you got outta that debt? Like do you remember that day or that week?

[00:19:16]

BH: You know, I went out and I got a massage! [Laughs]

[00:19:20]

FT: Nice! Alright. I'm glad you treated yourself. That's very 'Beverly' of you.

[00:19:25]

BH: Yeah. I'm very big into, you know, rewarding yourself and I had been holding off, I'd wanted to get a massage for a long time. When I get stressed I get, you know, a lot of tension in my neck and shoulders and that was the perfect reward for me. The debt had been so stressful and getting a massage at the end of all that - it was perfect.

[00:19:46]

FT: What's a money habit that you conduct, it could be everyday or every week - it's conscious though - that you think really helps to make your finances just stronger. That helps you make, really what it does, it helps you make the best decisions that you can with your money.

[00:20:04]

BH: Okay, Farnoosh I would have to say it's checking my bank accounts online everyday. I actually do this every single day. I'm looking for, you know, any indication of fraud for one thing.

But I'm also checking to make sure that I haven't overspent, that I'm sticking to my budget. And, I mentioned before I'm a very visual person, and so it's, when I see a number in a bank account, you know, online - that sticks with me. If I'm over what I should be at that point, I immediately fix this. I cut back whatever I have to do to stay within my budget to totals. So it's, you know, this becomes a habit. It's very important to develop these good habits, and it doesn't happen overnight. But over the years I've developed some great habits and that's one thing I do every day. I even do it on vacation. We were on vacation last summer, and we checked our debit card account, and there was some theft. We lost like \$1,100 out of our account. And so we reported it right away while we were on vacation. So I don't take a vacation from my habits either.

[00:21:13]

FT: Wow. Was it from your chequing account or from your credit card?

[00:21:17]

BH: It was from chequing. And we don't even use our debit card that often. I use credit cards because I like rewards and I don't create a balance. I pay it off every month. But occasionally, you know, we will use a debit card and we still have no idea how the numbers got stolen. But thank goodness I checked it because, you know, one reason I don't use debit cards often is because it can take a while to get that money back. It took 7 to 10 days to get back our \$1,100. But since we have an emergency fund, and we plan carefully how we use our money, it wasn't a disaster for us. But if you live paycheck to paycheck, that coulda been a disaster.

[00:21:55]

FT: Could be devastating. Totally. Alright Beverly, almost wrapped here. Before we go, finish some sentences for me.

[00:22:01]

BH: [Chuckles] Okay.

[00:22:02]

FT: If I won the lottery tomorrow, let's say \$100 million, the first thing I would do is _____.

[00:22:08]

BH: The first thing I would do is probably take a trip to Italy. I'm just gonna admit this! I've always wanted to go to Italy. I wouldn't spend all of it, okay? You know, so I guess you could say the first thing I'll probably do is budget how I'm gonna spend it. But I would definitely have a trip to Italy. I wanna take a cooking class in Italy. And this has been on my list for about 7 or 8 years.

[00:22:35]

FT: Well, you'll have plenty of money left over! Hopefully. If you do it right! [Both laugh] The one thing that I spend on that makes my life easier or better is _____.

[00:22:47]

BH: I will have to admit that I love expensive makeup. [Chuckles] I spend a lot on my mascara for instance! I am a, I just enjoy putting on makeup, getting dressed up to go places. So I do splurge on makeup, I admit it.

[00:23:06]

FT: You know, I like combine drugstore with department store makeup cause sometimes the drugstore stuff is just as good. It's packaged by the same people, but just in different coloured packages. You know like L'Oréal owns everyone. And I would just also as a tip say that Sephora, which is this big store that has just every kind of makeup in one place, if you join their rewards program, once a year they give 15% off everything in the store. Which for makeup, as you know, it doesn't go on sale.

[00:23:35]

BH: No, no it doesn't. And I happen to have a rewards card with Sephora.

[00:23:38]

FT: Yep. So just, I think I'm like you in that way. Okay, my biggest guilty pleasure that I spend a lot of money on - besides makeup?

[00:23:48]

BH: [Laughs] We love to travel. So last year for our 25th wedding anniversary we went to Belize for just a coupla days because, we're both self-employed and we work very hard as you know.

[00:24:05]

FT: A couple of days? Where do you live that you got to go there for just a couple of days?

[00:24:08]

BH: Oh, I live in Atlanta.

[00:24:09]

FT: Oh okay, so it's a quick flight.

[00:24:10]

BH: Well, you know, actually it was about 4 or 5 days. Figure 2 days travel, only really about 3 days there. But since we're both self-employed, sometimes it's difficult to find a window where we can both get away. So you know, that was something I had planned for years as well, and it wasn't expensive actually because I have so many credit card rewards. So you know, I used that and I didn't have to pay for my airfare, I even got a discount on where I stayed. So I do like to splurge on travel, but I do that even in a frugal way when I can.

[00:24:48]

FT: And Belize is actually a pretty affordable country once you're there.

[00:24:52]

BH: You know, it really is.

[00:24:53]

FT: A lot of people retire there as a matter of fact because it's just the cost of living. You could live on probably your social security paycheck.

[00:25:01]

BH: You know, you can. A lot of people do retire there.

[00:25:05]

FT: Alright, one thing I wish I had known about money growing up is _____.

[00:25:09]

BH: I wish I had just known the basics of, if you spend more money than you make you're going to be in debt. [Both laugh] And that just -

[00:25:19]

FT: Very basic! Yes.

[00:25:20]

BH: That sounds so simple, okay. But, you know, I say this because I hear from people all the time Farnoosh, that feel terrible about their debt. They think that they're the only person that ever made dumb mistakes with money. And that is so far from the truth. I mean, it could happen to anyone. It happens to smart people, okay. It happens to people who are very mature, people who are educated, uneducated, whatever. It could happen to anyone. So I just want people to know that it's not intuitive, and if you've made a mistake that you now see as something really simple that should never have happened, don't beat yourself up. You know, just be kind to yourself and just acknowledge that you did the best you could with what you knew at the time.

[00:26:03]

FT: Yeah. Better to make those mistakes when you're younger though.

[00:26:07]

BH: Absolutely! I'm glad that I made all those mistakes before I had children and college expenses and all these things that I have now.

[00:26:14]

FT: Yeah, yeah. It'd be a different story now. When I donate money I like to give to _____ because _____.

[00:26:20]

BH: You know, I like to give to the American Cancer Society, or anything that covers childhood cancer. Because cancer has affected my life in many, many ways with family and loved ones So that's, that is the number one organization or issue that I like to focus on.

[00:26:47]

FT: And last, but not least, I'm Beverly Harzog and I'm So Money because _____.

[00:26:51]

BH: I'm Beverly Harzog and I am So Money because I learned from my mistakes and I fixed it!

[Both chuckle] Okay?

[00:27:01]

FT: Yeah. It's fixable ladies and gentlemen!

[00:27:02]

BH: [Laughs!]

[00:27:02]

FT: Money messes are fixable!

[00:27:03]

BH: Absolutely! That is the buzz word here. It is fixable. You can come back from it, and I am so passionate about this and I just want everyone to know that you can come back from bad money mistakes. And I did, and this is my passion, and that is why I am So Money.

[00:27:07]

FT: I couldn't agree more. Thank you so much Beverly. Everyone check out "The Debt Escape Plan". I like you Beverly, not only because you're a nice person and you're so educated and helpful, but you're real. You know, you're telling people that you can get out of debt, you can remember that you're still a human being and you have desires and you have things that motivate you like buying a couple things once in a while. So, you know, letting us enjoy life in the process of getting back on track is so commendable and so refreshing. So thank you for being with us and goo luck with everything!

[00:27:43]

BH: Thank you Farnoosh.

[END]