

**EPISODE 241**

[INTRODUCTION]

[00:00:31]

**FT:** You're listening to So Money everyone. Welcome back! I'm your host, Farnoosh Torabi. Today's guest is a nationally known TV journalist as well as a critically acclaimed author and nationwide speaker. You may have seen her on TV, Elisabeth Leamy, she's most known for contributing to the Dr. Oz Show and ABC News as a consumer advocate and money saving expert. Elisabeth has been contributing to the Dr. Oz Show since 2013 as a consumer and investigative correspondent. And prior to that she spent nine years working as a consumer reporter for Good Morning America and other national ABC News programs.

She still contributes to ABCNews.com where she writes a money column and she is the author of two books, including "Save Big: Cut Your Top 5 Costs and Save Thousands" and "The Savvy Consumer: How to Avoid Scams and Rip Off that Cost You Time and Money". My favorite book is probably "Save Big" because there she really talks about not worrying about the little things and keeping your head stuck in the weeds, the financial weeds, but really thinking big and looking at your bigger expenses and how you can, with just a little bit of time and effort, shave off thousands and thousands of dollars a year and not really have to change your lifestyle as a result.

Several takeaways from our interview today including Elisabeth's most embarrassing money moment, like really embarrassing and it actually - she laughs about it now, but at the time it really pained her. And I have to say, I can kind of relate to the story. She talks about how a college boyfriend helped her get out of debt. Isn't that nice? And we do tough on how to score big financial wins so you can keep enjoying your daily latte. Takeaways from that book, "Save Big".

Here is Elisabeth Leamy.

[00:02:22]

[INTERVIEW]

**FT:** Elisabeth Leamy, welcome to So Money. Excited to have you on the show.

[00:02:30]

**EL:** Hey, thank you Farnoosh. We've been planning this for a while, so I'm glad that we finally got around to it.

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**FT:** I know! Just for listeners out there, I've been trying to connect with Elisabeth for about a week now but I've been having technical difficulties. First I thought my laptop was crashing, then I thought my mic was broken; turns out the chord was faulty.

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**EL:** The cheapest part of all!

[00:02:51]

**FT:** The cheapest part of all, right? The \$4 USB chord needed to get replaced because when you do a daily show I suppose it goes through some wear and tear. And Elisabeth, all this time you've been very patient so very happy and excited to introduce you to our audience. Although, many people might already know who you are. You are a very familiar face on television, a well-known TV journalist, you've been a contributor to ABC News as a consumer advocate and money-saving expert, Dr. Oz Show, which is very exciting. Tell us about the Dr. Oz show - that's re-airing now in the Fall and you'll be making some appearances for us.

Tell us how that relationship came about and your role in that show?

[00:03:31]

**EL:** Well the Dr. Oz Show I kind of do two things there; I do medical investigations for show about for example procedures that maybe aren't as safe as we would hope. And then we also talk about being a good health care consumer, and I do think when you have the chance - if you're not having a heart attack or something - you need to be a consumer, not just a patient. And not only will that save you money, but it could save your life. So that's what I do for the show and it's fantastic. I guess this will be my third season with the show. It's been on summer hiatus and they're just kicking back into gear now and I really enjoy it because of course nothing matters more to people than their health.

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**FT:** No, and health can be so expensive, especially when you're trying to plan for your future. What advice do you have for folks who, they might be nearing retirement or they are concerned about affording health care in retirement give that it's such a wild card?

[00:04:25]

**EL:** That is so true, yes. You know what? There are certain calculators you can use that actually try to get at the true cost of health care in retirement and that true cost accounts for the fact that medicare won't cover everything. I think my favorite one, last time I looked, was an ARP calculator, and that's one place people can start. But then the other thing that many experts advise is just to - whatever you think the number's gonna be, add another 20%, something like that, to give yourself some more pad for health care so that you can get the very best care, be in the best possible health and enjoy your life.

[00:05:02]

**FT:** We're gonna talk more about money in a second, especially the way that you manage your money Elisabeth - curious to hear about that. But first I wanna know, how did you get involve in talking about money on the air? Is it something that you pursued primarily as a journalist? Or someone who was really interested in money? Or was it kind of a little bit of both? Or neither?

[00:05:23]

**EL:** I'm laughing as you're asking me this because here's how I got involved in talking about money; my boss made me. I was a general assignment reporter in Tampa, Florida and my boss wanted me to be the consumer reporter at the station. And at first I said, "No" and he came back to me and said, "Uh hello? I am the boss, so yes you will be doing this." Little did he know I had credit card debt at the time, I wasn't particularly financially savvy myself, I was math-phobic but I overcame all of that sort of on the job and on the fly and I think that one of the things that helped me explain money things to other people over the years is the fact that the stuff does not come naturally to me.

[00:06:11]

**FT:** So you can relate, exactly. So you can kind of - did you ever have like a - what was your craziest story about money? Personal story? I always talk about this later in the show like your craziest, your worst financial moment, your failure. Tell us about maybe something you dealt with at an early age with money that made you ultimately so relatable? [Laughs]

[00:06:31]

**EL:** Okay, bingo! Here we go. Ready for me to get embarrassed?

[00:06:35]

**FT:** Yes!

[00:06:36]

**EL:** I will gladly confess because I feel like if I can overcome this kind of knuckle-headed move then anybody can learn from money and finance and do a good job. First year in college, I had my first chequing account - yes we actually actively used them then, I'm showing my age - and I bounced cheque at the local grocery store. And I thought, "Oh geez, oh gosh how did that happen? And how embarrassing!" So I did a couple of things; I asked my parents, "Send

money!" And I went back, you know, they did. And I went back to the store and actually not only did my parents send me money, I got a cheque from some company - an apartment search service that hadn't found me an apartment, so I got a refund.

So I deposit those two cheques, I'm good. I go back to the grocery store and I say, "Hey, gosh, sorry about that. I bounced the cheque but I'm good for it now, can I write you a cheque to cover the costs?" Yeah - that cheque also bounced because the apartment search firm that I mentioned had gone out of business and their cheque to me bounced. And then a series of other cheques bounced because I'm sure you know, when you bounce a cheque you get assessed a fee and when somebody else writes you a cheque that bounces - at least at that time - you got assessed another fee.

[00:07:58]

**FT:** Oh man!

[00:07:59]

**EL:** And okay but here's the part that really, really is embarrassing; I finally figured out why I had bounced that first cheque. I had carefully, scrupulously keeping the cheque registered just as my dad taught me, writing down every cheque I wrote but I wasn't writing down ATM withdrawals!

[00:08:22]

**FT:** [Both laugh]

[00:08:23]

**EL:** I mean bone-headed, dumb, dense! But this kind of showed me that when it comes to teaching financial literacy to high school kids - and that's really what I was, I was just getting into college - nothing is too basic. So hopefully there are lots of people way more savvy than me, but that was my big financial failure.

[00:08:43]

**FT:** Yeah. Nothing really is too basic, and if you're fortunate you learn this early on in your life. I remember being in college and thinking that the ATM was my financial advisor. Meaning, I would get the receipt every time I withdraw money and whatever the balance was on that receipt, that's how much money I thought I had left. But of course the ATM was not this real time machine. It actually didn't perhaps factor in that earlier that day you had made a debit charge at the grocery store and that charge hadn't cleared yet, so this isn't actually your balance.

So I did that and ended up over-withdrawing several times, and this was before I had signed up for overdraft protection - or rather I had overdraft protection [Laughs], which is a very misleading thing. Cause it's got the word "protection" in there but it does anything but! [Laughs] It allows you to basically keep on spending. So it protects you I guess from being embarrassed at the cash register and the lady saying, "You can't buy this because you don't have enough money," and for that you have to pay a fee. So I just say, "Don't ever sign up for overdraft protection because it doesn't do you any favours."

[00:09:57]

**EL:** Yeah I'm not a fan. I once signed up for overdraft protection thinking, "Oh this'll be alright." And what it was was a credit card, and I didn't want or need another credit card and I happened to know that having many, many credit cards wasn't great for my credit score. So I was serious because they hadn't actually disclosed to me that that's where the overcharge went, was onto this credit card. Yeah that's a risky area.

[00:10:19]

**FT:** So now Elisabeth, you've written a couple of books. I really liked your first one about how to really have big wins in your life. Like don't go after trying to skip your little expenses here and there but really try to for example save on property taxes, refinance your mortgage - cause those are the real home runs. What would you say is your over-arching money philosophy stemming from maybe the two books that you've written?

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**EL:** Well that would be to save big, not small. For me at least, at this stage in my life, this makes sense for me. I don't like to worry about every single latte or brown-bagging my lunch. To me those lattes with a friend are the little glimmers of pleasure between the big responsibilities that we all have. So instead I do, as you said, focus on where we spend the most money because that's where you can save the most money. And you can save thousands at a time if you focus on things like your housing, cars, and other transportation, credit, interest on loans, groceries and health care. Those are the top five American expenses, and I focus on those and try to save a turn of money every now and then instead of peaking out at [inaudible] of savings every day.

[00:11:32]

**FT:** And I remember when "Save Big" came out, it was very counterintuitive - not counterintuitive but it was counter to what we were hearing blasted over all the airways, all the articles about "Skip this, skip that. How to save \$20 a day, \$30 a week," and here was Elisabeth Leamy saying, "Don't worry about that. Check your tax bill!"

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**EL:** Well yes. You know to me it's way more exiting to save money on the boring stuff like care insurance, where you might save \$1,000 in a year rather than skipping one coffee or one pair of really cute flip flops like I bought today. If you do learn to save small, you can then roll that into things that bring you much bigger savings. So for example if you learn to save some on your groceries, which really adds up, then you can roll that savings into things like pre-paying your mortgage, which can bring you five and six figure savings over time.

So it's a balance and it has to be right for each person, but yes everybody was talking about the latte factor and that and I just wanted to make sure that people aren't sort of stepping over the \$100 to pick up the penny.

[00:12:42]

**FT:** Don't step over the \$100 bills to pick up the pennies! I like that. I like that. That's a good philosophy. What would you say is one pivotal money memory you had growing up, Elisabeth, that really impacted the way that you look at money, feel about money and you think about money?

[00:13:01]

**EL:** I would have to say my yard work business when I was 11 years old in [Yucca Valley], California. [Laughs] My friend Karen Jacobson and I put an ad in the local newsletter saying, "Yard business." And we would show up and these homeowners had hired us over the phone and we sounded very immature, but we were these skinny 11 year old girls, but we worked our tails off. Pushed my dad's non-electric mower, you know the kind that's round and has those blades and you just use your own muscle power to push it and we did yard work. And I don't know exactly how good we were, but people kind of felt a little sorry for us and kind of admired that we were going for it and having my own money that I had made, that was intoxicating. Way better than any allowance I had ever earned. And I think that's the thing, is that power to earn if you work hard.

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**FT:** You also probably learned how to work with a business partner?

[00:14:01]

**EL:** Oh yes, that's true! Yes. And Karen was a good little worker, so that's my favorite kind of business partner.

[00:14:08]

**FT:** [Both laugh] You just counted the money while she did all the hard work, right?

[00:14:12]

**EL:** Well hang on a second, I remember being on my knees pulling plenty of weeds, but yeah.

[00:14:18]

**FT:** Good, good. What would you say is your So Money moment, along the same theme? I mean it sounds like you had one when you were 11 but when you were a young adult, or even more recently, what would you say has been your So Money-est moment?

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**EL:** I want to tell you a little story for this one, can I do that?

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**FT:** Of course, absolutely!

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**EL:** Okay. When I was 27, back we go to the Tampa Bay area, I met this cute guy and I was super impressed with this guy when we started dating. He drove a BMW, he actually traded stocks, he was a stock broker, financial planner, and I liked him a lot and I wanted to impress him. And so he offered to do a financial plan for me, and I thought, "Okay great, so now I'll be jet-setting trading stocks and so forth". And so some sort of a long form that you fill out and then it spits out the results. And the results basically were a page with one line at the top that said, "Assets," and that page was blank. And then there was the page for liabilities, and that page had the credit card debt, the store card debt, the debt and that debt. Hmm, very, very unbalanced lop-sided picture and this nice, nice guy that I had just started dating said to me, "Hmm, gosh I guess there really isn't much to plan financially planning wise".

And I said, "But wait, I've got assets, I've got a used 1984 Toyota Camry. I've got a really cute dog and look at all these shoes!" And he was like, "But look at all that credit card debt." I was mortified, mortified! But here's what happened; he and I put me on a spending freeze. This was

his idea, I went along with it. No more shoes, no shopping, no dining out, and in about seven months I had paid off that credit card debt and for once instead of calling my parents and saying, "Send money!" I called them up and said, "Guess what? I did it. I paid off my own credit card debt." They had bailed me out once before when I was getting out of college, and I knew I couldn't ask them again.

And guess what? That was the first boyfriend my parents ever approved of, and that boyfriend became my husband. [Laughs]

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**FT:** I was hoping!

[00:17:01]

**EL:** And we're happily married today, yes. We're almost 17 years.

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**FT:** Oh wonderful! I was gonna say like, "Who is this jerk that made you feel bad about having debt?" And then it got better! [Laughs]

[00:17:14]

**EL:** Yes.

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**FT:** He actually wanted you to do better and he helped you.

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**EL:** Yes, he actually didn't really make me feel bad. He was kind of funny about it but the key was having somebody, and really I think one of my peers rather than my parents, say to me, "Oo, this is a problem and you need to work on this." And I did and you know I started doing things like any time I had money I sent it, even if there wasn't a bill due. And that made all the difference. And boy I got out from under, I just dug myself out dollar by dollar and boy I didn't have it as bad as some folks do but credit card is a disease. It can be really, really deadly.  
[Laughs]

[00:17:57]

**FT:** And it can keep coming back, right. It's like one of those viruses that never goes away, you know? If you don't really just hunker down and treat yourself the right way and do what you have to do so it never comes back and just deal with it once and for all.

[00:18:13]

**EL:** Well you're right because I said my parents paid mine off for me after college, you know a couple thousand dollars but I ran it back up again after college and then grad school. So it did come back and it was scary and I used to have to keep track of when all my bills were due and what was the minimum balance and how could I juggle and afford to pay this bill this week and wait till next week to pay that one, and so forth. And it's just such a pleasure not to have to do that anymore.

[00:18:42]

**FT:** Is your husband's last name Leamy?

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**EL:** No he is Chris Persinger. He's a CFP and I lucked out when I met him cause part of my financial education as been just here at home. The [inaudible]

[00:18:56]

**FT:** Fantastic! Well what a great partnership you two have.

[00:18:59]

**EL:** Yes.

[00:19:01]

**FT:** What is one habit that you practice that helps you with your money Elisabeth? Maybe it's something that you do with your husband?

[00:19:08]

**EL:** Actually that is exactly it! When we first got married we decided we would set a spending limit, an amount of money that either of us could spend on our own without asking the other for permission. But anything over that amount we had to collaborate and agree. And that amount, we still have a limit, but that amount has gone up over the years as we got a little more prosperous. But I tell ya it's one, it avoided a lot of fights and I think money is one of the top things couples fight about. And two, sometimes with time and with getting that other person's permission, that expense that seems so important kind of fades away and you end up not spending the money.

[00:19:50]

**FT:** Yeah.

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**EL:** So that's really actually one of my favorite tips for couples, especially newlyweds.

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**FT:** So the benefits are twofold; on the one hand it allows for some freedom, which alleviates fighting. But also it's a threshold. So if you're gonna go over it, it requires a discussion and then often that distance, even if it's just a five minute pause - that's why we say, "You know what? When you're online shopping, leave the items in your cart, go get a glass of water, come back, you probably won't want it." And having that distance, or in this case, a conversation about the purchase might make you realize, "I don't really want it that much because in the moment everything you think you need and it's going to be impulsive. So that's a good tip! I firmly believe in the ours, mine, and your account - three buckets.

[00:20:40]

**EL:** Yes, I like that. And in this case, like you say, it does give you that freedom. But what I also love is that this can apply to anybody and it's up to your personal interpretation. Maybe a young couple, maybe their limit is \$100? \$50? Mines gone up from there over the years. It's really helped us.

[00:21:01]

**FT:** Are you ready for some So Money Fill in the Blanks Elisabeth?

[00:21:05]

**EL:** Oo yeah!

[00:21:06]

**FT:** You've made it this far. This is when you know you've really made it this far and the rest is just downhill. [Laughs] No I'm kidding!

[00:21:11]

**EL:** Okay!

[00:21:13]

**FT:** Can you tell me, what would you do with a million - If I won the lottery tomorrow, the first thing I would do is \_\_\_\_.

[00:21:22]

**EL:** Alright! I would use the principle to set up a charitable foundation, which then allows you to live off of the interest tax free! [Laughs]

[00:21:33]

**FT:** Excellent!

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**EL:** That's something I learned from my financial planner husband!

[00:21:36]

**FT:** Yes. How convenient by the way, the have a financial planner husband!

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**EL:** It is.

[00:21:41]

**FT:** One thing I wish I had learned about money growing up is \_\_\_\_.

[00:21:45]

**EL:** The danger of credit cards.

[00:21:48]

**FT:** My biggest guilty pleasure that I spend a lot of money on is \_\_\_\_\_.

[00:21:54]

**EL:** My house! Buying a nice one in Washington D.C in the first place, and then a stream of home improvement projects ever since. I am a home improvement guru! [Laughs]

[00:22:05]

**FT:** Oh my gosh, I need to consult with you. We're undergoing renovations right now. We have a whole team, and oh my gosh. I'm not out of the weeds yet! I have to just - we're still at demolition phase. [Sigh]

[00:22:20]

**EL:** Well listen, my parents are both architects so I grew up remodelling and here's architect humor: They say who are the three professionals you need to hire as a married couple when you're renovating your home? And they are: an architect, a builder, and a marriage counsellor! [Laughs]

[00:22:38]

**FT:** Oh my gosh! Yes. Have you been peaking into my life recently? Yeah this is had a lot of layers of stress, on top of being new parents and having been displaced because of the home renovations and work, obviously is stress in and of itself, but then on top of that you've got the stress of the construction project. Oh my gosh! I think that, we're gonna not only - me and Tim have a philosophy; we don't wanna just get through things, we wanna thrive. Getting through is just not acceptable. Like that's not why you're married; you wanna enjoy every day as much as possible. So when we thrive, I think that we could do anything together! [Laughs]

[00:23:23]

**EL:** Well!

[00:23:24]

**FT:** If we can thrive through this renovation project, like we're solid!

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**EL:** There you go!

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**FT:** We're good, we're good.

[00:23:30]

**EL:** And you know what? There are some things to enjoy when you're displaced from your home too. When my parents finally, after those years of remodelling, we built a house. So we lived in a temporary place for a year. And we had the most relaxing, lovely year because for once we weren't remodelling or putting together a shelf or doing anything. We were just enjoying each other on the weekends.

[00:23:49]

**FT:** [Sigh] Yeah we live in Williamsburg currently, which I thought was gonna be convenient - it is not! But you know what? We're enjoying Williamsburg, it's a beautiful little area with so much diversity and we're looking forward to exploring. So there is that to look forward to.

Elisabeth, what is one thing that you spend on that makes your life easier or better?

[00:24:10]

**EL:** One thing I spend on that makes my life easier or better? A cleaning person.

[00:24:18]

**FT:** Mhm!

[00:24:19]

**EL:** Somebody who helps out with that. You know what? I even had a cleaning lady when I was in my first job making \$21,000 a year.

[00:24:29]

**FT:** Yeah!

[00:24:29]

**EL:** It's just something I don't choose to do. I'm a hard, hard worker. I work hard in lots of other ways, and I hire others who are great at that and who work hard at that.

[00:24:36]

**FT:** Peace, I love that. I love that.

[00:24:38]

**EL:** Yeah.

[00:24:39]

**FT:** And when I donate I like to give to \_\_\_\_ because \_\_\_\_.

[00:24:43]

**EL:** When I donate I like to give to my high school, my undergrad college - Go Bears! UC Berkeley and Northwestern University where I went to grad school for journalism school because I really feel that I would not be the person that I am without my education.

[00:24:59]

**FT:** Me too! Although I went to journalism school and I firmly believe in that investment. I think it has reaped benefits in dividends, but I think today if someone wanted to go to journalism school and spend the \$90,000 - yes 90 that it is! I'm not so sure. I'd say, "You know what? Maybe put that in like a business degree or just go and put that in a portfolio and learn a language or travel." I don't know, I don't know.

[00:25:31]

**EL:** All that you've learned since then. Well I still am a fan, it's true you do not need a journalism degree to be a fine journalist.

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**FT:** Well to spend that much money.

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**EL:** Yes. But I thought it was fantastic and just what I needed.

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**FT:** Perfect! Yeah for me too. I think it's...

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**EL:** So I'm still grateful.

[00:25:48]

**FT:** Yeah, no I know. It's hard to be anti right now but I think that with the cost that it is at, it's hard to make it a rational choice.

Okay Elisabeth, last but not least, I'm Elisabeth Leamy and I'm So Money because \_\_\_\_\_.

[00:26:04]

**EL:** I am So Money because money does not come naturally to me. I started out at this math and money moron. So feeling like I've conquered this realm and actually helped other people understand it, feels really good!

[00:26:18]

**FT:** Yeah you're right there in the trenches with all of us and I love how you said you started out as a math-phobic person and it took that handsome man driving the BMW to convince you to get out of debt, and we thank him for it!

[00:26:31]

**EL:** Which by the way he bought used because he is a smart guy that way. [Laughs]

[00:26:35]

**FT:** So Money! That's So Money. Thank you so much Elisabeth, and wishing you continued success!

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**EL:** Thank you.

[END]