

EPISODE 464

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FT: So Money episode 434 Ask Farnoosh, happy Labor Day, also apologies, I forgot to attach my mic to my laptop when I was recording. Just a warning, it's a little echo-y but hopefully you'll still find the information helpful, fun and So Money.

[ASK FARNOOSH]

[0:00:45.9]

FT: Welcome to So Money everyone, I'm your host Farnoosh Torabi. It is the Friday before Labor Day. We left the office early today, Sophie and I. Welcome Sophia.

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SY: Hi.

[0:00:58.7]

FT: "Hi." Yeah, I mean come on, I don't even know why I came into work today but it was nice to touch base but seriously, it's the last unofficial day of the summer, how was that to say Tim and I and Evan don't really have concrete plans this weekend. Labor Day always creeps up on us.

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SY: I know, I feel like for everyone though especially this year, everyone keeps saying how summer flew by.

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FT: It totally did. I mean, technically we have another three weeks until the equinox, right? Then hopefully we'll still have some summer-ish days in October. But yeah, back to school, back to work, September is going to be a crazy busy month and my son is two months, we'll be two and three months and he's starting pre-preschool, can you believe it? I'm just proud that I got him into a preschool because where we live in Brooklyn it's pretty competitive and we didn't do anything crazy to get him into preschool. We just filled out the application and we won the lottery there.

But it's in our building which is really convenient, downstairs, roll out of bed, stick him in the stroller, or just take his hand and take him to school and it will be nice to see him grow up a lot I think going to school. I started going to Preschool when I was also two I think. I didn't speak English, so my mom was like, "I need to get you out of the house, learning your ABC's." I think it's good to start early, did you go to preschool?

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SY: I did.

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FT: You probably don't remember.

[0:02:28.5]

SY: I was going to say, I really have no recollection but I know that I went.

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FT: I remember everything. I do remember, because I didn't speak English, arriving and being really scared and really sad until my mom came back and I stood by — my mom basically said I sat by the window the whole time and didn't play with anyone. But then by the next day, I was very much into preschool and I was singing the songs and doing the dances and loving it.

That's what I'm scared about most is this transition because he has never really gone to school and been somewhere where he doesn't recognize anybody, but we're going to be there for the first day and maybe the first week, hanging out, making sure that if hell breaks loose, we are right there to help him through that.

But anyway, I digress, we have no plans this weekend, hopefully we'll do something that involves a pool. I've even thought about going to a hotel in New York City for the night, for a day. You could find really great deals last minute and with a hotel like a rooftop pool.

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SY: Yeah, staycations are where it's at recently.

[0:03:37.2]

FT: Yes, it's like a couple of hundred bucks maybe, \$300 bucks tops but then we get to be in a pool all day and beats going to the shore at this point because you can't really find a rental for under an arm and a leg. What are you doing?

[0:03:52.7]

SY: I think we're just going to go up to Connecticut, my parents have a house up there and just kind of relax and enjoy the last unofficial weekend of summer, get out of the city and enjoy some greenery.

[0:04:03.0]

FT: You have a pool, right?

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SY: I do not, however we have best friends who live five minutes down the road and they have a pool and we joke that it's a good family friend, his name is Theo so we call it *Club Theo*.

[0:04:18.0]

FT: I love that name.

[0:04:18.7]

SY: Yes, he's always so happy to because he loves the pool but he doesn't put it to use as much as he would like to so he loves some people come over and he has dogs, we have a dog, our dog loves to swim so it's fun. We all get in the pool, it's a lot of fun.

[0:04:34.5]

FT: Cute, cute. Those are the best kinds of friends, the ones with resources and pools.

[0:04:39.4]

SY: Yes.

[0:04:41.7]

FT: September just really quick is going to be an amazing month so if you're curious to know what's ahead, we have a lot of interesting, well known guests coming on So Money, I've saved some of this interviews for the fall because some are a little bit quiet and I wanted to come out with a bang in the fall. So we have Jillian Michaels, we have Michael Ian Black who is, for those of you who are in your 30's or 40's, you might know him from this very popular show back in the day from this called *The State* on MTV. That's where he got his start but he since been in a lot of different shows and he's a comedian, director and author.

He's written a book about Donald Trump, a funny book, well, I don't know if I would call it funny but it's a children's book, that's really meant for adults about how to define Donald Trump because the problem is, a lot of kids are going up to adults and saying, and showing curiosity about the election and going, "Who is Donald Trump?" And well wait for that, it's a very

interesting book, it's definitely gotten a lot of acclaim. Excited for that and I'm headed to LA last week, last minute. Got invited to be on *The Doctors*. So that will be fun, it's going to be a really quick trip and I'll keep you guys posted on when that's going to air. Talking about money saving tips.

All right, speaking of money saving tips and advice, Sophia, let's get to the mail bag and see how we can help people this week.

[0:06:07.3]

SY: All right, so I think most of us who have lived in New York at some point in time to the first question, it comes from Lenisha. She has the chance to get a rent stabilized an affordable apartment any work in the next few months but after putting down the deposit and the first month's rent and taking into account some of her moving expenses, she says, we'll really deplete her savings. So she wants to know if she should maybe seize the opportunity despite the fact that she might need to take some money out of her savings and then rebuild her savings down the road or perhaps she should wait and forego the opportunity?

[0:06:51.8]

FT: Yeah, I think in the beginning it probably sounded so exciting, "Oh my gosh, rent's stabilized, New York," that's really where you want to jump on those opportunities because they're once in a lifetime it seems. But if you're doing the math Lenisha and it's not adding up and this is really going to take a bite out of your ability to live an affordable life and you're not going to have savings for a while, I'd worry about that.

So if you haven't committed yet to this apartment, I would still keep looking and there was just an article in the New York Times this week, last week, this week where it looked at Brooklyn. I don't know if you're looking at Manhattan, we're in New York looking at Brooklyn where I live. There is a housing booth, they have I think overbuilt apartment rentals and that's what the article kind of precludes where they've got a glut of rentals and landlords are giving two months free, least breaks like lots and lots of incentives if you're willing to sign like a 12 month or 14 month lease.

So that might be something to look in to these other areas. If you want to maybe have a roommate too, that's another way to save. I think it's tempting, the rent stabilized apartment. We all wanted to find one of those at some point when we move to New York. I actually lived in a rent stabilized apartment, when I first moved to the city. I paid \$500 a month for my room, I shared it with a married couple, not the room, the house.

So that was the huge tradeoff, it's not for everyone and it wasn't sustainable for me. I could only do it for like a year and a half, I had to get out. But it saved me a ton of money so I get it Lenisha, it's very tempting. But you have to be very matter of fact, very matter of numbers here and if it's not financially affordable for you, you need to keep looking unfortunately.

It's going to hurt a little bit, but unless you can find a way to shore up some savings in the meantime. If you can between now and moving in, cut your expenses significantly to shore up some of that savings, I would feel better about saying, "Go for it." But I think it would be good to do some due diligence and look around and maybe think about roommate or outer boroughs but let us know if we can help you any further.

I love this topic of real estate New York and I've lived here for over 15 years. I know I bought and sold and bought and sold and rented. I know a few things about how to get good deals but let me know how your search goes and if I can help any further. Did you ever live with a roommate Sophia or you've always lived by yourself?

[0:09:28.0]

SY: I've always been by myself but I have friends who actually just moved in. Three girlfriends moved in together because even looking with just two people they found was really difficult. Obviously though, they knew they wanted to be in Manhattan and of course that's really expensive. Basically based on where they were working, they knew for convenience sake, they really wanted to be in the city. They were willing to spend a little bit more money and had the savings to back them up, but then they thought, when we add a third person it becomes a lot more affordable. So they ended up getting a third roommate and it worked out really nicely for them.

[0:10:09.5]

FT: Yeah, there's safety in numbers when you're young and you're looking to save money and it's fun when you live with people. I think, they say though once you live by yourself, there's no going back. Really appreciate your independence. Okay, hit me up, what's next?

[0:10:25.2]

SY: All right, we have a question from Wendy who has been with her employer for 10 years, she feels like she's not progressing or being challenged anymore so she ultimately wants to find a new job. But due to several family emergencies, she's now the primary care provider for her parents and siblings. So supporting them while paying the medical bills and anything like major household repairs has caused her to accumulate \$50,000 in debt and it's totally killed her savings.

So she's now torn between staying at her current job where things are secure and she have a decent severance package should she ever get laid off and so that's why she's not really inclined to quit on her own. What are your thoughts?

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FT: Well, this sounds really like she's in a bind, to say the least and I'm sorry Wendy to hear about your family. I hope that their health turns around and kudos to you for being willing and able to support them. I think they're lucky to have you. I don't know if now is the right time to quit your job on top of everything else. As much as maybe you're not super thrilled with the way you're going in your job, it is income that you need.

So it's not about what you necessarily want now, it's what you need that's taking priority and the money is money that you need and you don't want to get into even a bigger hole. I would just say that kind of keep status quo for a while but talk to your boss too. It sounds like, money aside, this is very stressful situation for you, it can be. I'm stressed out listening to this because

we are working, you're a full time care taker, your family's not feeling well, all of that is no doubt taking an emotional and maybe health toll on you, mental health.

So talk to your employer and I would say, think about finding ways to work from home sometimes or take a break. The Family Medical Leave Act actually, we think of that as something that pregnant moms take advantage of, this law that says you can leave your job for up to 12 weeks while you're taking care of your child, you're guaranteed your job when you get back.

Some employers will pay you money while you're, you know, they will give you maternity leave or family leave so that you're not making no money. But this also qualifies for people who are taking care of loved ones, not just babies. So if you have to leave because you're taking care of a family member who is not well from work, the good news is that you will still have that job when you get back to work in 12 weeks or however long under 12 weeks you want to take off.

You may not get paid for those 12 weeks but think about your health too. It sounds like this could be really draining, talk to your employer about some adjustments you might be able to make, ideally you still continue to get paid something but it sounds like this is a scramble right now for you and you didn't ask me about this but this is just kind of what I'm sensing and I wanted to just throw that out there as something to look in to.

The other thing I would say Wendy is that these days, with the internet and people connecting through Facebook and sharing so much about their lives, it's become this just normal to talk about not being well or your family going through something tragic and connecting with people that you trust on social media to get support. People are going on sites like Go Fund Me to raise money for family emergencies. I just gave money to a friend who is raising money for her nephew's medical bills.

Her nephew has a terminal disease, it's crippling the family's finances. She's a nurse so she's really taken this matter to heart. On top of the fight that this is her nephew, she's really gone and talked to a lot of us about it and she just started a Go Fund Me fund raiser and I think she raised thousands of dollars. People want to help and I think that's something that I would do if I were you, I'd look to soliciting help and not being ashamed of it.

You are doing a lot and I think if people just kind of knew more about what you were going through and your family do and sympathize, they would empathize it and want to help and people will. Being just, I think do that. At the very least you might raise a few hundred bucks that could help pay for some bills, but hopefully more and I would do that.

So to answer your first question, no, I don't think it's a good time to quit your job unfortunately. Hopefully things will change and you can start to focus. The other thing is, you don't need to be job searching when you're stressed. You don't want to be job searching when you're financially stressed because then I feel like you're just going to take a job for the money as opposed to a job that you're really excited about, passion about.

That could take a lot more time and you don't really have a lot of time. You need to be making money to address your bills. I don't want to see you go in further into debt. So keep us posted, we're really sorry to hear about your family but we really were thinking of you and thank you for your question and please keep in touch.

[0:15:36.7]

SY: All right. So the next, on a lighter note. It's actually a comment and it's from Christa and she's writing in just to say thank you and that she's been tuning in to the podcast since April and it's been a huge help and since she's started listening, she's been able to pay off all of her debt, she started using a high interest savings account, she's doubled her 401(k) contribution and that with a financial adviser. So she says, the show has been a total lifesaver.

[0:16:06.1]

FT: Wow. All right. Well Christa, I'm completely floored, excited, honored, grateful, all of the above. I mean, this is like why I do the show. So I really appreciate your feedback, I'm so happy for you and this is — you're So Money. You're more than So Money. You're awesome Christa, thanks for sharing that and let us know. Even while you're doing all these amazing things, maybe along the way you do have questions, it's okay to ask. I want to be a resource for you, so keep in touch.

[0:16:43.4]

SY: All right. So we always have a question on student loans so of course the next one that's on student loan is from Claudia. She was recently offered an opportunity to get rid some of her student loans through a program that she says was signed by POTUS and she wants to know if it's a smart move. She has about \$12,000 in loans and through the program they're offering to reduce them to a little under \$4,000. However, she says they'll charge anywhere from \$500 to \$1,400 to fill out paperwork. But she wants to know if this will ultimately affect her credit?

[0:17:25.2]

FT: This seems fishy to me. What about you Sophia, does this sound a little off?

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SY: I agree. Yeah it seems like a lot of money to fill out some paperwork.

[0:17:35.6]

FT: So Claudia, sometimes we do a little behind the scenes background on these questions because this I have to say, when I read it first, and when you read it first Sophia, I feel like your question about the credit is a good one but we had other questions. Because we looked — I'm familiar with income based repayment and there's modification plans for federal borrowers, what you are being offered doesn't sound familiar at all to me because what this sounds to me like is a debt settlement.

As far as I know, no federal program is offering debt settlement to current borrowers. What they are saying is, in one case they'll say, "We'll modify your monthly payment to no more than 10% of your income and as you make more money, you'll pay more." But if you haven't completely paid off your debt within I guess like 20 years or 10 years, don't quote me. Then they'll relieve you of your remaining balance. But this sounds to me like just straight up settlement and typically settlements do get reported to the credit bureaus and they're not positive. It's like you

settle the debt, you paid pennies on the dollar and that can negatively impact your credit depending on how it's reported.

The other thing is they're asking you to pay money to do this program which, as far as I know, if you go directly to studentaid.ed.gov or ibrinfo.org. There is no cost to applying and ultimately following through this programs through direct through the government. This could be a third party it sounds like that's coming to you with this offer. I'm not 100% sure about this. If you want, follow up with us with some of the literature, some of the fine print, who is giving you this offer? It doesn't sound like it's coming directly from POTUS or government.

It sounds like a third party, it sounds a little fishy to me. I'm curious. Let's follow up on this, I'm not going to say this could be a fraudulent thing. I'm going to put that out there. Yes indeed, this could be fraud. We cracked the case here on So Money. Seriously Claudia, don't give them any money yet okay? Until you've talked to someone, me or maybe go directly to the lender and say, "What's going on here? Should I do this?" Whatever you do, don't give this entity money until you have all the facts in writing. All right I think we have time for one more.

[0:20:28.6]

SY: Yeah, we're already at the last question and it's from Christie. She said her husband's company went out of business and he changed jobs but it's now making half the money than his previous position and she also works full time but they've completely blown through their savings and are behind on their bills, and their credit is worsening and no one will let them borrow any money. So she says:

[0:20:51.6]

C: "Though I hate to file for bankruptcy, I see no other solution for release."

[0:20:56.6]

SY: So she wants to know if there is a way to file for bankruptcy in California without involving their mortgage and auto loans because they can still afford those?

[0:21:06.9]

FT: Well I think if you can still afford your mortgage and your auto loans, you might not qualify for bankruptcy, right? First of all, bankruptcy, personal bankruptcy has gotten a lot more difficult to qualify for in this country on purpose in the sense that the days of filing for bankruptcy and having all of your debts relieved, all of them, are long gone and if a court can determine that you make enough money to still address a lot of your bills, and mortgage is a big bill and auto loan is a big bill, they may not have a sympathy for you to say, "Oh yeah, sure, bankruptcy, approved."

I think that's good news, I would hate to see you go through bankruptcy when you don't have to and you don't need to. I know that money is super tight for you right now. You have stated that credit is getting tougher to get because of your debt and so you almost feel like you're in this quicksand, this financial quicksand but I think what I would do is first go to a credit counselor, the National Foundation for Credit Counseling and that's NFCC.org is one really great organization, it's a national organization.

Their job is to work with people like you who are having trouble making ends meet and finding a way to one, give you advice on how to maybe address your debt but also they have debt management programs. If they think that you're qualified for that, it's like 10 bucks a month, \$15 a month, maybe even waived depending on your financial situation and what that program serves for its' clients I guess is that these people act as basically credit advocates for you.

They call your creditors, they try to modify your debt, they don't settle but they try to find more for payment plans so you can more affordably pay every month, your bills. So that's the first thing. I would say look for a trusted source to have them review your budget, your debt, your savings, your income and they can maybe come up with a program for you that works and that's affordable.

The second thing I would say is, your husband went out of business or his company went out of business, he changed jobs, he's making half the money on his previous position, can he make more on the side? We've talked about this a lot on the show and I write about this all the time. Making money passively even if it's like renting out a room in your house through Airbnb, renting

out your car through toro.com, renting your tools. There are websites out there that you can literally rent a lot of your stuff and little by little, \$50 here, \$70 there, \$100 there, make money, you can pet it, you can — there's so many ways with now this sharing economy and the internet to find ways to make money relatively simply and it's maybe not something that you think you can do because you got a very limited time.

But when you start to really explore it, some of this stuff doesn't take much time. You can fold it into your existing errands, you can rent stuff, you don't have to be there for it. So look at that to maybe supplement some of that income. So that's what I would say. I'm not a fan of bankruptcy, it's obviously a last resort. In this case, you can already — you can make your mortgage and your auto loans and I would just make sure you say cards on that stuff because if you don't and you fall behind and you start to go into foreclosure or delinquency, then maybe I qualify for bankruptcy but then they will come after your house and they will come after your car.

Those things aren't protected from my understanding, in California at least. So if it gets to that point, I hope it doesn't, you need to talk to a personal bankruptcy attorney and they'll be able to tell you specifically what the steps are, what's on the other side and it's not going to be an easy road. So do the most you can now to prevent that from happening and keep us posted Christie and thanks for sharing.

All right, that is a wrap and just like it's — we're getting out of the office early, I hope you got out of the office early, you're hitting the road, you're at the beach already, you're at the pool, you're having something fun to do this weekend, I wish you all a phenomenal, relaxing, So Money long weekend. Sophia have fun mooching off your friend's pool.

[0:25:40.7]

SY: Thank you.

[0:25:42.9]

FT: I hope to do the same at some rooftop hotel in New York City. If not, I'll be somewhere air-conditioned for sure and thank you for tuning in and when we come back, it will be back to

school, back to fall, back in session, looking forward to having you all back here on the show.
Happy weekend, hope it's So Money.

[END]