

BONUS EPISODE

“TH: Think about it, so many people first engage with their retirement plan at work when everything is new to them. They’re starting a new job, they’re trying to learn their benefits, they’re trying to learn what the new work place is going to be like, their boss, et cetera. They’re just surrounded in this sea of newness. Then they have to make these big decisions.”

[INTRODUCTION]

[0:00:52.0]

FT: Raise your hand if you have a 401(k) at work and wondering if you’re making the most of it or if you’re not investing for retirement yet and wondering how to get started. Welcome to So Money everybody, I’m your host Farnoosh Torabi. We have a special bonus episode brought to us today by MassMutual. I’ve recently partnered with them to help spread literacy on the issues related to saving for retirement.

We’re going to unpack a lot of learning today with Teresa Hassara who leads the workplace solutions business at MassMutual, providing comprehensive financial wellness services including retirement plans to over 30,000 companies and about three million planned participants.

Teresa has a bachelor’s from Vanderbilt University, she has an MBA from Wharton School of the University of Pennsylvania, she’s also a member of the board of directors for Jobs for the Future and an active supporter of a variety of organizations focused on mentorship for women and young people in under resourced communities.

To complement this interview, I also have a piece on somonypodcast.com. in this episode page on how women can get on track towards a secure retirement. Check that out and for more, visit massmutual.com.

Here we go, here is Teresa Hassara.

[INTERVIEW]

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FT: Teresa Hassara, welcome to So Money, how are you?

[0:02:16.9]

TH: Farnoosh, I'm doing great. And you? Did you have a nice weekend?

[0:02:19.7]

FT: I did, I was busy packing, I'm heading to the airport now, going out to Los Angeles to visit Stacks House. Wish me luck at the airport.

[0:02:28.3]

TH: But you should be heading to Sunshine.

[0:02:30.2]

FT: That's true, sunnier pastures. I'm so excited to talk to you, it's important I think sometimes on this podcast to derail from the regularly scheduled programming to do a deep dive on a particular topic and one of the big questions I often get from listeners in area where there's a lot of curiosity is retirement and investing. It sort of makes me proud knowing that my audience cares so much about their future selves.

Retirement can feel so abstract yet here we are many of us in the audience, curious about, concerned about, really. How to save appropriately today to be able to retire with enough in the bank. Your work Teresa has been dedicated to helping people prepare, plan for retirement, you're the head of workplace solutions at MassMutual, your initiative is all about creating comprehensive financial wellness services.

That includes retirement plans, 30,000 companies, three million participants. If you had to create a title or a caption to describe the state of retirement planning in our country today, what is that title?

[0:03:38.5]

TH: I think the headline is that you know, there is – there's been a lot of education, a lot of activity, a lot of focus on retirement, however, there are just way too many people that are under prepared. I think it's about 60% of American workers who own less than 25,000 in financial assets and that's excluding the value of their primary residence and when you look just the cost of healthcare in retirement and that fact that people are living longer.

That's not going to be nearly enough to see them through. While I'm hopeful, I think there's a lot of work that needs to be done to secure people's financial futures and so, that's why I'm so passionate about what I do and really love the work that we do and how we're enabling people to think differently and get more prepared.

[0:04:25.6]

FT: Well, let's talk about some of those ways to help people get prepared through your 401(k) at work or depending on where you work, it could be called a 403(b) or a variation of that. The workplace retirement plan is really today, the biggest driver of savings for the future, it used to be, pensions, we used to be able to rely more on social security and not so much the case.

How do you get participants to be motivated to participate first of all, and then participate enough, right, so that they can retire with enough in the bank.

[0:04:58.5]

TH: That's a great question because if you think about it, so many people first engage with their retirement plan at work when everything is new to them, they're starting a new job, they're trying to learn their benefits, they're trying to learn the new workplace is going to be like, their boss, et

cetera. They're just surrounded in the sea of newness and then they have to make these big decisions and so breaking through the clutter at that time is particularly important and we try and do it in multiple ways, right?

We do it through incredibly rich content on our website, we do it through one on one meetings, we work very closely with the employers who we support their plans, we work for about 30,000 employers across the country. To make sure that if people are getting work and making those critical first decisions that we're breaking through the noise and the confusion and helping them understand the path to success.

I think there's some new tools in our toolkit. Recently, many plans have adopted auto saving. They're automatically putting people in the retirement plan rather than having them elect in to make it a little bit easier in those early days and then auto escalation which allows folks who think that maybe they can't afford to contribute too much.

To be able to elect maybe a one, a two, a three percent contribution rate early on. Escalate over time. So that they can end up at much higher rates down the road when things become more affordable and they're more comfortable with what the retirement savings plan is all about.

I think it's – you can't just use one tool in your tool kit because adults learn and in all different ways. Some folks really like to go deep on the website and are very self-motivated learners. Others need more one on one support and then others like to be part of a group setting and back to the point you made earlier in the call, I'm so proud when I go to our seminars because women really speak up.

That wasn't so much the case when I think back, you know, 15 plus years ago. Women were relatively quiet but I think more and more, they're recognized, their financial future is up to them and they're not allowing fear or concern of looking like they may not have it all figured out, stand in their way. I think you've got to have a lot of different options and approaches in your arsenal to be successful.

[0:07:30.3]

FT: I'm sure you're hearing more and more these days with so many young workers and even mid-level workers, the difficulty of shaking of those student loans and how student loans can create a barrier to investing because you feel like you have to manage your debt first before you can really start to address investing and saving for your future.

I mean, the truth is, your money has limits, right? If you've got student loans plus expenses and perhaps other kinds of debt. Investing for your future can just feel like okay, I don't have time for this now, maybe down the road. How are employers – how is MassMutual addressing this, right? So that employees can feel that they do have the capacity and that they should prioritize retirement even if they have debt.

[0:08:20.6]

TH: You know, that's a great question and it often starts not with the individual and starts with their employer and talking to them about how they have to have solutions that work for everybody, right? You know, the state of debt is enormous, it's mindboggling. You can't ignore it, right? Yet, I also see that it stands in the way, particularly if you think about the power of compounding, if folks can't be investing in their 20s, they're really putting themselves behind the eight ball for where they need to be in terms of saving for their retirement.

We have – we address that head on in our educational seminars, we also have a couple of tools on our website that help people model. How can they best allocate the money that they have for their benefits programs and for their investments and savings to help them achieve their goals.

Then, we talk about it in our meetings and I think some one-on-one perspective, what I try and stress is savings and investment, it's really a habit you want to start young, right? You may feel like it's not even worth it to put 2% of your compensation away but 2% matters and it builds up over time and if you just get started and begin to grow it as you can afford to do more.

That's a really healthy and balanced approach to take. But you can't ignore it and it needs to be tackled head on and it's a conversation that I think is increasingly important.

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FT: Part of your work Teresa at MassMutual is to provide financial wellness services and certainly, retirement plans, retirement benefits are a part of that but what is the totality of financial wellness services? What is the scope?

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TH: We absolutely provide retirement support, investment solutions, IRAs, we also provide an array of what we consider protection products. Whole life, disability, critical illness, accidents, those types of financial solutions and really do need to have a well-rounded plan.

We also offer those through the workplace and to your point, I think it is really helpful when you have someone in HR or often times we have the CFO or the president of the company or someone else in the company that has a strong voice and people admire and respect, come and talk at our seminars about the paths they followed and the decisions they've made and how important they have been to their financial success.

Because you do need people that you trust that you have faith in that have your best interest at heart to kind of break through the clutter.

[0:11:12.5]

FT: Right. You know, I see it, I see financial wellness being a big part of the benefits package or the benefits offerings at companies where companies are recognizing that. If you're not financially healthy or we don't have confidence or security around your money situation, that can impact your stress levels which can then impact productivity, it's a big domino effect.

[0:11:34.5]

TH: Absolutely and there are all kinds of productivity studies on that and for women, it appears to be even more stressful, 64% of women feel like preparing for retirement is stressful, that's 53% of men and it's so interesting to me because when we look at financial literacy, right? When

we have folks take tests about their understanding about their financial constraints, financial solutions, investment products, savings process, et cetera.

Women tend to actually score much higher in terms of competence and understanding but lower in terms of confidence.

[0:12:14.6]

FT: Why do you think that is? Is it just that we have been conditioned not to think of money as a female domain to be frank? I mean, I grew up thinking like money was a man's domain, investing especially was a man's thing. It was like sports. Yeah, you can read all about it but are you really confident, has anyone prepared you?

[0:12:37.0]

TH: Right. I think you're exactly right. I think it's been looked at as a man's domain. I think that sometimes we use language in the industry that is so off putting, right? I think that it is often times, you know, responsibilities in a household are divided and women often take budgeting responsibilities versus investing and savings.

I think there are lots of dynamics at play there. But I do feel like women are beginning to recognize, you know, there's really significant ramifications for them. If they don't jump in and it's interesting. So many women that I see and talk to about their own financial wellbeing come at it from a place of caretaking.

They really are in the stage of their life where they're taking care often, of their parents or others and they have young kids or they have kids that want to go to college and they recognize that they can't do well by others if they're not taking care of themselves, right?

It's those social and emotional responsibilities that they have that often their motivator for them to get more involved with their finances.

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FT: I agree with you. I think women are often at the forefront of caretaking, that makes a lot of sense. What then you think motivates men generally speaking to get a head start on their finances, on their financial future?

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TH: You know, I think caretaking is an added responsibility, a deep connection and responsibility to those they love, but I also think they have probably been talked to about saving money earlier in their lives, that's not true for everyone but -

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FT: It's just hardwired?

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TH: It's hardwired, right? It's kind of, as you said, it's a more of a male domain. I think they tend to look at it more as a game and they talk about it more socially, right? I think women have kind of treated it as a taboo subject and we just got to get out there like you're doing and talk more about it and have fun with it as well.

Bring maybe some of those mentality, that mentality of that it's not about avoiding risk, it's about seeing risk for what it is and taking smart and reasonable risks and engaging with your peers and getting their best ideas too.

[0:15:00.7]

FT: You're right, risk is inherent to investing and I think that what's ironic to me is that I think, as women, we're good at taking risk in other realms of life, I think that it just is packaged differently or it's messaged tot us differently. We're willing to jump in and partner up with someone, get married which frankly has its risks or starting businesses at a fast clip that also carries risk.

We switch jobs without all the answers, that's risky and for me, I think that what helps me overcome the – you know, sometimes, the insecurities about investing, we're all human, I have them even, is knowing that I won't need this money for decades and if I'm being completely honest, I don't bother myself to be looking at the stock market's ups and downs every single day.

I know the market was – had some pretty bad days recently and whatever, you know? I got good days ahead too.

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TH: You can control that. You really have to focus on what you can control and I think having that long view like you're suggesting and seeing the tradeoffs and really talking about it in terms of what role do you want money to play in your life, right? Seeing that it's actually a pathway to freedom. You can't really live the life you want to live if you don't have the financial resources to make the tough decisions to leave the job that you no longer have joy from.

Or, to move from the area that where you don't want to be, right? Or to maybe even separate from someone who isn't bringing you happiness and you don't want to be in the position where you have to live a life set by the terms of money.

[0:16:51.3]

FT: I really appreciate that you use the word financial freedom and I think that's really putting it in a phrase that speaks to me as a woman and I think a lot of my friends who are women and I'm going to generalize and say, that that's really more our speed, I think it's a good reminder that when you have money and you're putting this out too, it's not just so you can go out there and buy the things that you need and provide for your family, that's all important but it's also your ticket to security, to be able to leave bad situations, not have to compromise your values.

You know, in a job that doesn't make you happy or in a relationship that doesn't make you happy, you're not beholden to those standards and to that lifestyle, because you have actually the freedom to leave which is so empowering and just again, really important to remember.

I'd love to transition now to learning more about your journey, Teresa, how you arrived at this space of helping people with financial wellness, have you always been interested in this, what brought you here?

[0:17:49.8]

TH: I think I probably have been interested for a good bit of my life and it probably got started when I was really young and I'm from a big family. Rich in love and rich in opportunity but you know making ends meet was always something that was at the forefront and so I started doing chores really young. I was poor I think when I started ironing my father's handkerchiefs like back in the day when they wore handkerchiefs and pillowcases, things little hands could do and I loved that feeling of doing something well and then having the ability to go out and buy something.

Have the ability to make choices that were my own and so it started really young and my mother always made it a game of finding value. So we would go to this day old bread store once every week, every two weeks and she would say, "All right, if we could save X amount of money then we can get that package of Twinkies" or the Ho-Ho's or whatever they were and so they say more like a game finding value and so it started at a really young age.

And my parents started talking to me about college early on and what is affordable and what wasn't affordable and you know where I might need a scholarship and so it was not a burdensome thing, it wasn't something we avoided talking about and often times it was made into a game, which was great. I kind of fell into field really, in terms, of once I came out of school or I was actually I was at Wharton and looking at a bunch of different opportunities.

And kind of product management, mutual services, et cetera but I was working out of the entrepreneurial center there and just loving it and working with people that were starting their own businesses and bringing all this creativity and excitement regardless of how hard it was and I got an offer from a bank, financial services company, to really help them build out their retirement organization and it was great because it had technology and service.

I would have a PNL and a group of people to lead and so it was really not so much just retirement. It was kind of the opportunity to do all of those things within the context of retirement where it felt like you really can do good. You can help people make better decisions so they can lead the life that they want to lead. So that is how I feel into it and I've loved it every day since.

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FT: What is your greatest money moment? Is there an experience that you had that you are just really proud about that really captures your greatest financial moment?

[0:20:45.6]

TH: You know I don't know if it was really one moment but I have four kids and my husband, Mike and I have really tried to save and invest and be disciplined about making sure that we got the family vacation and the trips and we did things that build family overtime but also save for the future and so the fact that we were able to help our kids come out of college without a significant amount of debt, right?

That is my greatest joy in terms of money moment because I see them now having the freedom to make decisions, to explore, to do things they might not otherwise do. My daughter came out of school worked for two years and said to me, "Listen I am not crazy about this job but I love my boss, I love my team but I want to see the world a little bit more and so I want to go to Australia and New Zealand for a year and work there, what do you think?"

And I said, "All right, let's get saving" and she saved like mad and she made that a reality and I am so proud of her for doing that and I also recognized she had it then that she's been holding so much debt, she and I never have even dreamt about that. So I try and make sure not just in talking to young people about student debt but to their parents that you got to think about education as an investment and make sure that for the money that you are going to spend you are going to get a really good return on that investment.

I think it is critical. I could not have this life I have had without a really strong education but you can get great education in a lot of places and not go into huge amount of debt getting that education.

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FT: Wow, yeah.

[0:22:50.5]

TH: It was a long answer to a pretty simple question.

[0:22:53.6]

FT: No but it is such a good answer and I also just wanted to say how awesome it is of you to be that parent that encourages your kids to follow a little bit of the unbeaten path. I try to imagine what my parents would have said to a young 20 something Farnoosh who is like, "I would like to travel for a year and not work" I think they would have come around too eventually but it would have taken a lot of convincing.

And I think it is true for a lot of parents who want the best for their kids, it is scary to get behind them your kids wanted to do something that is unconventional that could interrupt their careers, that could mean not making money for a period of time.

[0:23:33.8]

TH: Oh it was scary. We had to take a big deep goal a couple of times and then go through it with her and then talk about, "Okay, how do you come back with richer experience? How are you going to market what you have done? Did you get value from it in this next chapter of your career?" But there were those moments and it really was a learning for me about how we get on these treadmills in our life, just keep going in a direction.

And how important it is to take time to say, “Do I even want to be in this treadmill? Is this the right thing for me at this point in my life or do I need to stop and start another chapter?” and you know I think for so many of us we’re trained, right? This is the way life works, this is the way your career should unfold and we’ve got to make sure we are doing what works best for us and that is hard and if you have financial freedom it is a lot easier.

[0:24:35.2]

FT: Yeah, I love this story. It is such a great illustration of how money can really be a tool for you to afford yourself some risk especially at a time in your life when you wouldn’t think to otherwise. You know not having student loans, saving money like your daughter did that afforded her the ability to take a chance and do something that was really important to her but also perhaps a little risky when her peers may not have been able to afford that.

She had no debt, she had savings, she had the backing obviously of her family. That is huge. That goes a very, very long way, awesome. All right Teresa, let’s flip it a little bit maybe is there a story that captures a failure of some scale large or small? It doesn’t really matter but some of you are willing to share openly and was a lesson learned.

[0:25:25.6]

TH: Oh my gosh, my husband and I when we were in our 30s decided to invest in this startup early stage company and you know, friends we’re doing it. It seemed kind of smart and we just were so busy that we didn’t really talk much about it or really think about the inherent risk in the business model or how it would feel to be on the wrong side of it and we lost everything. We lost that whole investment and it didn’t happen all at once.

We also didn’t think about the anxiety we would feel as it was going south and the opportunity cost of it but it was such an important lesson for us about really making sure we talk through things together and that we have same ideas about what success looked like, what it looks like and I think I was the weak partner in that conversation and in that process because I was just focused on other things and I just assumed it would work.

And didn't use all of my best judgment so while it ended up not being a money maker for us, I think we learned a ton about it and I don't think it made us risk averse, it just made us worth more thoughtful maybe in where and how we are going to take our risk.

[0:26:55.7]

FT: So what is the amount of money that you invested? You know my husband and I also recently invested in a startup and we had the conversation ahead of that of like, "Okay how much would we be willing to put in an amount that we would be okay with losing?" We would prefer to earn something from that but we are not going – we are not betting the farm. We are not going to lose sleep over this. It is a risk and we want to take this gamble. Was there not that alignment ahead of time as far as what you are each willing to lose?

[0:27:27.0]

TH: I think we had different appetites about that, what we could afford to lose right, and we hadn't worked all the way through that and we should have a clear conversation about that right? Because I think it is really important that you are investing in businesses with all different stages. I think it was that I had a different point of view when it got to real kind of rubber hits the road about, "That was probably more than we should have placed on that one bet."

[0:27:55.5]

FT: Well this so far have been so fun Teresa, let us make this even more fun with some So Money fill-in-the-blanks. Let us transition now. I am going to start a sentence, you finish it, don't over think it, here we go: If I won the lottery tomorrow, the first thing I would do is?

[0:28:11.4]

TH: The first thing I would do is double check that I did in fact win. I love this question so much and I've been thinking about should we put this question out in our seminars because I think it forces you to think about what is it that I really value? What is the rule of money in my life?

Etcetera, so I think the first thing I would do, Mike and I would do is sit down and say, "All right, we got this incredible good fortune, how do we want to put it work?"

And I think we think about how do we help the kids, we plan a trip with my parents who are older and won't have many more years where they can go abroad and there are a couple of places they want to see and then we'd love to travel as well. So I think that we get some trips planned and think about who else in the world do we care passionately about we can help. We tend to contribute to causes around poverty and children. So I think that would be part of our planning too, we'd put a plan together.

[0:29:06.6]

FT: That is wonderful. Okay how about this one, one thing I spend on that makes my life easier or better or both is?

[0:29:15.7]

TH: Having my house cleaned. Oh my god and you know something, there is joy in just tidying up. I actually do believe that but it doesn't go to the top of my list most days and so having somebody that comes in and helps with that so that I am not stressed by the clutter all around is really important to my overall wellbeing.

[0:29:40.4]

FT: All right, one thing I wish I had learned about money growing up is?

[0:29:44.3]

TH: That it is hard to say between investing and the power of compounding, which is more important, but I think the power of compounding. Recognizing that the earlier you get started the lighter your load will be over the course of your life and I took tons of math classes, right? And you would think that would have been drilled into my brain but I think if people really understood

the magic of that, it would make a big difference in terms of there would be a lot more people eager to get started very early in their life.

[0:30:21.6]

FT: It is like one plus one is three. That is how I explain compound interest. I mean it is a little more nuanced than that but that is how I try to bring to life the power of compounding growth. All right, here we go last So Money fill-in-the-blanks, make it a good one Teresa: I am Teresa Hassara, I am So Money because?

[0:30:43.2]

TH: Because I get that life is about so much more than just money. Money is a tool in our tool box for happiness and I had the great fortune of being able to help lots of people to figure out how to use that tool to their best advantage.

[0:30:58.9]

FT: And we love you for it. Thank you so much Teresa and for everybody listening, head over to the MassMutual website. I have an article titled, "Five simple ways for women to get on track towards retirement." Teresa thank you so much again, we really appreciate your time. Have a great rest of your spring, summer and wishing you continued success.

[0:31:17.7]

TH: Thank you so much. It's been an honor.

[END]