EPISODE 968

[ASK FARNOOSH]

[0:00:34.4]

FT: Welcome to So Money everybody, it is almost thanksgiving, sort of, you know? It's about a week till thanksgiving and I'm excited, we're about to hop on a flight tomorrow to the west coast to see my family, a lot of you know my family lives out by the bay area. It's been a while since I've flown with both of my kids cross-country, five and two.

So say a little prayer for me and my husband, we hope all goes smoothly, got all of our little tricks including snacks and devices, you know what I'm talking about, yes, screen time but you know what? It's how you just got to roll with it when you're 30,000 feet above the air and you don't really have a lot of other options. I hope everybody is gearing up for a nice festive thanksgiving, however you celebrate it. This week, we had some pretty incredible interviews and including a conversation with Karen Khan on Wednesday.

Karen is a founder of I Fund Women. If you're an entrepreneur out there, female founder and you are looking for early stage seed money, check out I Fund Women. It's this really innovative way that she's going about it that's social, crowd funding for female founders and Karen Khan is just an icon. I mean, she's a woman who started out at Google in the early days. Did very well there financially and moved her way up through the tech world and now, she is an entrepreneur and talks a lot about how she built her wealth.

It's time to head over to the iTunes section now. To select this week's review, we've surpassed a thousand reviews, thank you everybody for contributing and I'm just going to keep on encouraging you to do so and provide one free 50-minute money session every week with someone who has left a review and this time, we're going to say thank you to Sarah Elizabeth Graves who left a review on November 7th, calling the show engaging and informative. So Sarah, get in touch, thank you so much for your pretty lengthy review.

She says that she is actually a personal finance writer and this is one of her favorite podcast so that really means a lot to me because you are a pro and if you're liking this show, that means I hopefully am doing something right. So, I appreciate it Sarah, get in touch, you can email me, farnoosh@farnoosh.tv. You can also reach me on Instagram, direct message me there, let me know, looking forward to connecting with you my fellow personal finance writer friend and talking money on a personal jam session.

All right, it's Ask Farnoosh time and I'm so excited to introduce our cohost today. It's not just solo today, I have a very exceptional cohost, her name is Alexandra Stockwell, she is a relationship and intimacy expert, known as the relationship catalyst and she's got an upcoming book called U*ncompromising Intimacy* and she's also a friend, she has joined me and Suzie More at our workshop called Pitch Please, sometimes you've heard me talk about this media workshop that I host and I was so delighted to hear that she's a listener of So Money and wanted to cohost.

[INTERVIEW]

[0:03:51.1]

FT: Alexandra, welcome to So Money, how are you?

[0:03:54.8]

AS: I'm well and I'm really excited to be here, thanks for having me, Farnoosh.

[0:03:59.3]

FT: This is going to be fun, it's always nice to have somebody with a different background on the show. You coming from the world of, you are an MD, physician turned relationship and intimacy expert. You're known as the relationship catalyst, so how are you catalyzing relationships? Tell me everything.

[0:04:20.0]

AS: Everything, okay.

[0:04:21.7]

FT: Well, you know, in a minute, like 30 seconds.

[0:04:24.0]

AS: Okay, well, I'm really devoted to working with couples who love one another and from the outside, everything looks good but on the inside they're not as satisfied as they want to be. And so, I teach couples how to have more emotional intimacy and sensual passion. Largely because I think that is a way to change the world. If everybody were really satisfied and fulfilled in their most intimate relationships, I think the ripple effect would be tremendous. So that's my contribution to making the world a better place.

[0:05:00.2]

FT: Your fourth coming book is called, *Uncompromising Intimacy*. Tell us about that. When can we look forward to it?

[0:05:06.1]

AS: Yeah, *Uncompromising Intimacy*, I think I'll just talk about the title and that will tell you a lot. The most frequent advice given when it comes to relationships is you need to learn to compromise or if you want a good marriage, compromise is the key to a good marriage, something like that.

I believe the exact opposite. I think a really fulfilling marriage or partnership is contingent on bringing all of who you are to the relationship which means you need to accept who you are and also really accept who your partner is and vice versa. That when you bring all of who you are to the relationship, then no matter what arises, you can learn – you can use it to create more connection and I think compromise leads to the very common circumstance of toleration relationships where people basically are living conflict free and passion free.

[0:06:10.6]

FT: Toleration. Is it toleration free?

[0:06:13.3]

AS: Well, conflict free and passion free. Which I describe as the toleration relationship. In other words, it's a relationship with a foundation of tolerating rather than a willingness to really do the work to be who you really are in that relationship. Because that's what makes it juicy.

[0:06:32.6]

FT: Yes, I learned something very profound about you and your marriage and we'll get to the questions in a minute but I thought this was such a fascinating story. I mean, speaking about — being on the same page with your partner, you know, as you know, money can be a big source of contention in relationships and I learned that I your marriage, you and your husband found yourselves, not too long ago, about 10 years ago, with about $290,000 in personal debt, this was a result of a perfect storm called it a failed business the drop in the housing market.

Being conned by a spiritual teacher who is now in prison. How did the two of you work together on this piece in the relationship. Because this is — for some couples, could spell a lot more disaster which is divorce, right? Because money creates a riff in relationships and especially debt. How did the two of you communicate over this and work through it?

[0:07:31.9]

AS: Well, I think what we did first which is pretty common is pretend it wasn't happening. And happily in our situation, that didn't last for very long. Once we were clear that this was happening, it became our mutual priority to address it and at the time, we were living just north of Boston and we moved with our family — three of our four children were born by that time and so the five of us moved to rural Kansas.

Where my husband is also a physician and in Massachusetts, there's high supply of family doctors compared to the demand and in the rural parts in the middle of the country. There is a huge need and a small supply. So he went from being at the low end of the bell curve for salaries for family doctors when we move to rural Kansas, he shifted to being at the other end of the bell curve for compensation for family doctors and so we decided to leave our families, the school my children attended.

Really just our family friends, everything in order to handle this because it was only going to get worse unless we made a very significant change so we moved to rural Kansas and I thought it would take us about five years to pay it back, we were not in the habit of being in debt, we'd only had mortgage and educational loans which had already been paid off by the time all of this happened.

It took about 18 months in this perfect storm to create the almost $300,000 of personal debt and so I thought it would take five years of carefully managing things and we actually paid it of in two years because we lived in rural Kansas where there wasn't really anything to spend money on and we just lived as though we had a salary that was all about a fifth of what it actually was so that we could use all of the other funds to pay it back and then we left rural Kansas two years later.

[0:09:42.6]

FT: They say, you have to get uncomfortable sometimes to get out of a financial rut quickly, you can't just keep your status quo and that's a great story. I mean –

[0:09:53.9]

AS: And it made us stronger, you know? As soon as it was clear that each of us was dedicated to handling this, it was like one plus one was a lot more than two in terms of the energy and the creativity and it's really great for a relationship to problem solve from the position of being on the same team which is what we experienced.

[0:10:19.2]

FT: Incredible. Well, we actually have a first question here form a woman who writes in about not a problem in her relationship but it relates back to she and her husband's financial goals and so Shelby writes that she and her husband have fallen into the trap of keeping up with the Jones'. I think we can all relate to some extent with that. She says, our best friends that we do everything with have rapidly made more and more money by being successful business owners over the last five years and we have not grown our money as fast.

My number one priority is to pay off our debt. In order for us to do that, we have to start saying no to certain things we do with our friends and so her question is, how do we communicate to them that we can't afford to do all of these things right now without telling them that we are broke and you know, going back to your circumstance Alexandra. I would think that there were some things that you had to say no to and that socially, it might have been a little awkward as you and your family were enduring those 18 months, moving to Kansas, all the things, changing your life.

That must have been – I don't know, how would you describe it? A little different than what your friends were doing?

[0:11:35.5]

AS: For sure. It was actually very mysterious. People couldn't comprehend why we were moving to Kansas and we did not say it was because we were in dire circumstances financially. We didn't say that, we said, it's time for a change, we use a lot of euphemisms but I don't think that that would work so well for Shelby because she -

[0:11:59.1]

FT: She's not leaving.

[0:12:01.0]

AS: She's not leaving, there's going to be ongoing contact.

[0:12:03.7]

FT: Right. And so if she goes – as someone in your practice who is like, I got to talk to my husband and I need to first get on the same page, right? About this. Make sure that we're getting our narrative right and if these are friends that they like and they want to keep and that they trust. I think that they need to just maybe be a little honest? I think there's room for honesty here.

[0:12:23.6]

AS: Yeah, I think the important thing is that Shelby and her husband are on the same page and that's probably going to mean getting vulnerable with one another because being broke probably means something different to her than to him. You need to just really get clear, get on the same team. But then, when it comes to talking with the friends.

I think there's an option which includes being honest and an option which includes not being honest quite frankly. Being honest would mean just saying that we're not as far along as we wanted to be and then propose low cost fun things to do together. Maybe have them over for dinner instead of going out to a nice restaurant or if you go on vacation together, suggest camping instead of going to a luxury resort.

In other words, don't just share the problem with your friends but also make some suggestions that will allow the friendship to continue to thrive. The way of approaching it which I would call not being honest is not outright lying but if it's not comfortable to just say we're really having financial difficulties, the alternative is to say, we're not going to be spending the way we have because we're saving for a vacation home or we're saving for our children's college fund if Shelby has children or something that no one's going to have any judgment about and it's just going to kind of put all of that behind a safe screen.

And then, you're not getting into the particularities financially but if you do decide to do that, Shelby, and say you know, we're saving for retirement or whatever it is you choose to say that you feel good about. Then I suggest you still go ahead and propose a lower cost fun thing that all of you can do together.

The one thing that I would add is that it's going to be really important to be really clean and communicating it because the risk is that either your friends feel sorry for you and that's going to be uncomfortable for them to be around or you say it in such a way that they might feel badly about their wealth and if either of those things happen, that's not going to be good for the friendship.

It's super important to make the communication cleanly whatever it is that you decide to say.

[0:14:54.3]

FT: That's really a great point and I do – I prefer, I like what you said about framing this in the way of you know, sharing your goals, you know? I think it's – you're all adults, it's no secret that everybody's got different goals and it's not about you having more money than me, well, it is a little bit but really, at the end of the day, it's about how you're able to spend your money and isn't really lining up with your values. Is one of your values to go into debt, to go island hopping with your friends? No.

One of your hopes and goals as to live within your means and I think phrasing it as like we're hitting these – we had these different goals this year, this doesn't fall within our budget because we have these goals. I think, I like that narrative a lot because it kind of shows that I don't think it would put your friends in a place of feeling bad for you. Instead maybe really supportive of like okay, well that's great, you know, we didn't know that you wanted to buy a house, we didn't know that you wanted to do these things and I think it puts it in context and doesn't make it uncomfortable because you are right Alexandra, I think it can go the other way if you are not careful with your words.

[0:16:10.1]

AS: Yeah and there is a lot of hope for a wonderful ongoing friendship if this communication is made with care and then everyone can feel good continuing to spend time together.

[0:16:20.8]

FT: All right Shelby, thanks so much for your question, great question. Beth is asking about whether or not I have discussed financial literacy on the show and the answer is yes Beth. I have discussed this from time to time and I will do you a favor and in the shownotes for this episode link to some of those episodes where we talk specifically about kids and money but I will tell you off the top of my head the names of some of the guests. So you can quickly look for them on the site at somoneypodcast.com.

You can look up people like Susan Beacham, Ron Liber, Rachel Cruze, she is the daughter of Dave Ramsey, Bill Dwight, who is the founder and CEO of famzoo.com. It is an online and mobile banking service to help parents with teaching kids good money habits and there's just a lot of interesting entrepreneurs and authors that I've had on the show that specialize in kids and money.

And of course, I have talked about it from time to time, as far as like how we've just spend talking about money in the house with our kids. It comes up naturally sometimes in conversation but certainly if you go to the website and you search kids and money or if you go to the episode shownotes for this episode, I will link out to some of these great episodes but I think it is always important to be thinking about how to educate our kids about money.

And Alexandra, I don't know if you have any experience with this. Any best practices? You said you have kids.

[0:17:54.5]

AS: Yeah, I have four children and I do have a few thoughts. I think the first thing which is really the most important, it is not strictly financial literacy for kids but it is best for you and your children's, other parents to, work through your own legacy around money because in addition to education or lack of it, the thing which influences children and how they manage money the most is if you are a saver or you're a spender or whatever legacy you grew up with it is very hard not to pass that down.

It is kind of impossible unless you have transformed it yourself. So that is the first thing I want to say. The second thing is that talking about money can get heavy depending on the age of the children and so I am a big fan of using games especially when we just talking about financial literacy. So one of my family's favorite games is Cash Flow. There is a version Cash Flow for Kids, which is for younger children and then Cash Flow Proper, which is for adults.

My kids started playing that at 10 or 12 once they've mastered Cash Flow for Kids. It was an easy transition and having played that as a family multiple times just completely changed any financial conversation that I have had with my children ever since then and the third thing I'll say depending on the age of your children because I think this is a question, it feels like Beth probably with younger children but I think it is a real question for people of any age.

I myself am 51 and my daughter is 23, she is graduate school and one of the best thing that I have done for her financial literacy is tell her about this podcast, which I did a few weeks ago and I think she's listened to about 50 of them already because she listens to it while she's was going about her business and so for anyone with children, I don't know, 15 and older, girls I would recommend sending them the link to this podcast and see if it speaks to them.

[0:19:58.2]

FT: Oh wow, thank you so much Alexandra. That's so great, oh, I don't know I am speechless. Thank you that is really kind of you and 50 episodes, wow. That is the thing about podcasting you can multitask you know? You can't read 50 books.

[0:20:10.2]

AS: Right and she's at graduate school so she walks from her apartment to her classes and she used to listen to audible but right now, she is listening to So Money and I am really pleased because she is accruing a lot of debt and I feel like it is absolutely my responsibility that she has some understanding of what to do when she graduates.

[0:20:33.3]

FT: And what's her name?

[0:20:34.3]

AS: Josephine and actually since we are talking about her, I want to say I have been in various media publications and interviewed in different context but the thing that made her squeal the most was when I told her I was going to be cohosting with you today and she said, "You know Farnoosh? No!"

[0:20:52.2]

FT: Oh my gosh, Josephine, Hi. I hope you're listening, I bet you're listening. I just want to say thank you so much for your loyalty. It's so encouraging for me to know that someone like you is listening and taking notes and doing well. So if you've got questions, you know where to find me but I am always here to help if you've got questions in the minute for our Friday episodes. Oh wow, that's so cute.

Okay, so now let's go onto Alice, considering a move to start over in a new city in the next six months and at the point will apply for jobs. So wondering if we have any advice on how to financially insulate herself for six months of unemployment besides of course replenishing an emergency fund. She said she increased her 401(k) contributions right now, yeah I think that is a good idea. She has a six figure job and she invests.

And she has like what, investments totalling three times her salary. Wow, really good so I love first of all that she is being so proactive Alexandra, right? Like she is thinking ahead. She is realizing okay, I am going to have to give myself buy some time and money is options. So the more money you have in the bank the more you don't have to feel like you are rushing to find that job. Just take the job that you get just to pay the bills.

That is the beauty of having an emergency fund is you can do things at your own pace hopefully. So yeah, I think if you know this is happening Alice, increasing your investment contributions to your 401(k) because that is going to be one of the things that will go away —

might be a good idea to take advantage of any kind of match that your employer offers. Of course take advantage of just the 401(k) itself, which allows you to deduct your contribution from a taxable income.

Make sure that you are signing up for Cobra or some sort of health insurance to cover you over those six months and when you even start that new job, the new health insurance policy might not kick in right away. So making sure you do have health insurance would be the other thing and it sounds like in all, you know she is doing a really good job. She's got a solid financial foundation. Was there anything else that came to mind for you Alexandra as you are reading her circumstance?

[0:23:08.5]

AS: Well she sounds super proactive and prepared and I thought it is probably likely that she'll get a job sooner than six months but we don't know that for sure I suppose. We don't know what industry she's in and the only thing I would add is that, Alice, when you move to the new city, I suggest if you are in a position to do so maybe live with roommates or maybe live in a less expensive part of the city and just set yourself up to have a low cost of living during the months before you have a job.

And don't feel like you have to find the perfect apartment because once you have a job and you know your new salary then you can move and set yourself up in a way that is more enjoyable for you and to just think of that first however long until you get the job as a time where you live a little more lean.

[0:24:01.8]

FT: Yeah, a little scrappy, a little lean. I like that advice a lot because it is going to be a time for exploration figuring out what part of town you want to live in and so if you can find a sublet that is pretty below budget that would be a great way to save. That is going to be your biggest expense probably as housing I would imagine but if you can keep that low, another way to as you say insulate, financially insulate yourself. I like that expression.

Okay, lastly we have Nicole and she is wondering about buying a condo and a couple of years and saving for a down payment. So she says with any extra income that I have, would it be better to put more money into paying off my current mortgage faster. Should I save for retirement, should I save for a down payment or a combination of all three? In general, I am not the type of person who is like yeah, pay off that mortgage super-fast.

Because if you have a mortgage and you got this in the last decade, I would imagine the interest rate is not super high. It is probably anywhere from four and a half percent to 3%, 5% at the high end. So from a financial standpoint, from a returned standpoint, I am not sure that's the best place to put your money as far as getting a return on your money but I get it, people like to pay off the mortgage because it is emotionally relieving.

But it looks like you also brought up retirement, which signals to me that maybe this is an area that needs more attention and if it is, then I would prioritize retirement over paying down your current mortgage and perhaps, the side parallel pathing, saving more for retirement and putting some money down for this down payment and you know this again is an event so that you don't anticipate for happening for another couple of years.

So you can be a little slower with the amount that you are putting towards the down payment. I would say prioritize retirement and then prioritize the down payment on the home because that is not for another couple of years. I do think the market is going to go down in 2020. You know we have been talking about it a lot, right? Recession, recession, recession. When we do see the next dip and maybe it will last for a little longer than usual.

That is actually a good time to get into the market to get even more bought into the market if you feel like you have a little bit of a deficit in your 401(k) or other retirement savings vehicle. I will ask you Alexandra, what are your thoughts on paying off a mortgage fast?

[0:26:37.1]

AS: Yeah, in this situation I'd opt for saving for the down payment for a few reasons. One is that if she has – if Nicole has a sizeable down payment that's going to allow her to get better terms in the mortgage when she buys the condo and the other thing is and it is not really clear if she is going to be buying the condo in addition to the house or if she is going to be selling the house when she buys the condo.

Because if she is going to be selling the house when she buys the condo then that mortgage will be paid off then anyway and so I would think having a bigger down payment and a better credit score from having the cash in the bank would be the best option.

[0:27:23.5]

FT: True, it could be. I am just a little bearish on buying right now, I don't know. I don't know where she lives but you know for us, we are selling our place and we are moving to the suburbs and we are going to rent for the first year because we just don't know how we are going to feel about it and frankly I do think prices are going to continue to drop and I don't think that prices in the suburbs home prices appreciate very much and over the long run.

So as far as getting like an ROI on our money, if I have to put down a lot of money for a house I am not going to rush to do it. So I think it is again, Nicole you would know better than us as far as how the market is where you are but if you are going to sell your current home to buy this condo, I would assume that you are going to be taking some equity out and that might be enough for the down payment sometimes, right?

You could use some of that equity to help with the down payment just thinking out loud, you might not have to save on your own a ton. I don't know what your situation is with that current mortgage, how much maybe the home house or housing appreciated or what equity you do have in it but once you sell that remember that is going to be extra money too that you can play with. That is always fun, right? For a little bit you feel a little rich.

You just cash out of a house but if you plunk it down into another home, it is going to be tied up so.

[0:28:53.6]

AS: I love that you say this Farnoosh because after our assorted circumstances, we've just been renting and at first it was a little challenging because of course, everyone says oh you buy a house, real estate is where it's at but with all the learning we've had with managing our own funds, it is just too much of a commitment and it feels so good to rent.

[0:29:19.6]

FT: I look forward to being there. I really do. I look forward to being in that situation and I think it is these days, it is a harder sell, right? Because we don't have as much of the tax break. We don't get to deduct all the property taxes. There is an interest rate cap, deduction cap on the mortgage interest and so that plus all the maintenance and property taxes and your home is not appreciating that much although I know I get it.

It is not an investment like you are not investing in stocks but if you are not like a thousand percent sure you want to settle down in this neighborhood, why rush into it? That is all I am saying. You know it is not something to rush into. There's lots of flexibility that comes with renting and mobility that comes with renting and I think that depending on your life stage that is worth more than saying, "Oh I am a home owner." It is nice to say it but you know it is a lot of work. It comes with a lot of strings attached.

[0:30:26.0]

AS: Well and I think being a renter after being a home owner in our case for multiple homes, I can really feel the lightness that I might not feel if I have never owned a home and so it seems like a faraway dream. It is a luxury to rent after being a home owner.

[0:30:44.5]

FT: Yes, yes. Well Alexandra, it is so nice to spend some time with you and thank you so much for all of your great feedback and thoughts for our listeners. Nicole, Alice, Beth, Shelby, some strong women listening to this show. I appreciate everybody who wrote in and what are your Thanksgiving plans?

[0:31:03.5]

AS: Well I am going to be cooking a turkey, I have four children but two of them stay in college because of how those vacations work so it will just be four of us around the table having a simple time, maybe we'll play Cash Flow.

[0:31:16.3]

FT: Ah or maybe listen to this podcast. No please don't. I would not wish that I think you should spend all of your time together. Thank you for coming on and everybody listening, I will see you back here on Monday and I hope your weekend is So Money.

[END]