

**EPISODE 1005**

*“**AB:** I know I didn’t grow up in a poor family but I knew I was growing up in a family where money was tight at times, and it shaped me, and it shaped the way I want my children to feel about money and the way I want my marriage to be around money even.”*

[INTRODUCTION]

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**FT:** Our guest today is famous for her budgeting prowess. Allison Baggerly from Inspired Budget joins us on So Money today. Welcome to the show. I'm your host, Farnoosh Torabi.

Allison and her husband paid off over \$100,000 worth of debt. How did they do it, and what was life like growing up in Texas in a household where money was tight, as she described? What sort of impact did that have on her relationship with money and the relationship she now wants to have with her finances and her marriage and for her children?

Here’s Allison Baggerly.

[INTERVIEW]

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**FT:** Allison Baggerly, welcome to So Money.

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**AB:** Thanks, Farnoosh. I’m so excited to be here with you.

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**FT:** I love a good financial triumph story and your journey of climbing out of the \$111,000 worth of debt, you and your husband. All as you're expecting your first child. I can't imagine that was a fun thing to be doing as you're expecting. You've got enough on your plate but now here you are fast-forward to today. You've built this incredible community, Inspired Budget. We're going to talk about all the fun things that you've got going on right now.

By the way, your Instagram is super fun to follow. But let's go back in time just a bit and talk about that period of time when you did have the debt. How did you arrive at six figures' worth of debt and how did you strategize to get yourselves out of it?

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**AB:** My husband and I – It was mostly student loan debt and car loans. When we found we were pregnant, we realized on two teacher salaries, we could not make the \$800 daycare payment. There was not extra money in our budget. Our pregnancy brought us by surprise, and I just had basically a minor freak out moment where I was like, "Something needs to change. If we're going to be good parents and be able to provide for our child, then we have to do something different."

After the hormones wore off and the shock wore off, we sat down and figured out like, "Okay. We were paying over \$1,400 a month in minimum debt payments," which was more than our mortgage. That's where we decided. This is where we're going to start. We're going to start by writing a budget and paying off this debt. Even though it is going to take us what felt like forever at the time, we decided, "You know what? We have big goals, we have big dreams and we're going to do it."

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**FT:** Your first step was to educate yourself. You said you grabbed the sneakers and got to work. What were some of the books that you read? What were some of the resources that you tapped into? If you had to go back in time and shortcut it a little bit what, would you go right to because that was just what was so impactful for you?

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**AB:** The most impactful things were actually just step-by-step instructions on how to write a budget. I had never written a budget before. I was tracking my money. But even if you track your money but you don't actually look at it and find patterns and find habits, then you're not going to be able to do anything to help yourself.

I would get on the Internet. I would read about how to budget. I liked finding examples of budgets. That way, I can try to see am I on the right track with this. Then I would consume podcasts like crazy, which your podcast was a podcast I used to listen to whenever I would like want to fall off the wagon of getting out of debt.

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**FT:** No way.

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**AB:** I would like binge your podcast. When I started Inspired Budget, I told my mom, because my mom was the one who told me about your podcast. I don't know how she found out about you, but she's the one who said, "You need to listen to Farnoosh." I would go walking and listen to your podcast. Whenever I started in Inspired Budget, I was like, "One day, I'm going to be on Farnoosh's podcast. You just watch, Mom."

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**FT:** Well, here we are.

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**AB:** When you text – When you emailed me, I got on the phone and called my mom. I said, "Guess whose podcast I'm going to be on?" She goes, "Farnoosh!" I was like, "Yes!" I've actually

been following you for many years. I just didn't want to fan-girl and come off as like a clingy fan-girl.

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**FT:** No, never. This has totally made my day. You've completely surprised me. Thank you so much. I'm so glad that I was able to be there for you during those moments. Now, what were some of the challenges along the way?

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**AB:** We were on this journey for four and a half years. That is a very long time, especially when you're just starting out and you have all these hopes and these dreams and you're newly married and you want to travel. It felt like all of that was put on hold.

There were times whenever we had to completely pause paying off extra debt, so we could stock money in savings because we had – We ended up getting pregnant again, so we ended up having two children while paying off debt and paying those daycare costs. We had different situations that set us back. There were times where we wanted to give up but we chose not to give up, and it very much was a choice we made.

The cash envelope system took work. I have an issue with spending money. I love to spend money and I see now that I had patterns of overspending previously that I did not even recognize. So the cash envelope system helped me take back control of that spending and feel more in control of my money.

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**FT:** We should mention you did this all on two teachers' salaries. Clearly, there had to be trade-offs.

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**AB:** Yes.

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**FT:** What were some of the things that you cut back on?

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**AB:** Oh, my gosh! We cut back on cable. We were the people that cancelled cable before it was cool when everyone had like the satellite dishes on their roofs. We had the antenna, the bunny rabbit ears antennas, because we couldn't justify it. Whenever our health insurance went up \$100 a month, I said we have to cut \$100 out, and that's when cable – We cut it out. We cut back on a lot of entertainment. We took vacations to see family. We call them vacations but we were just visiting family in different parts of our state.

We were just very intentional about planning to pay off this debt before our children grew and became older, because I thought this is the perfect time when they're young, even though they're in daycare. When they are young and they don't remember these sacrifices, when they are young and we can then take them on trips when they're older, that was my vision. That was my goal.

It actually wasn't as hard to sacrifice as I thought it was going to be. It was a little bit more difficult dealing with people's reactions to our sacrifices.

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**FT:** I'm glad you mentioned that, because we sometimes skip over this real situation, which is that you're trying to save money. Your friends don't really understand. Can you talk about how to get out of that sticky situation?

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**AB:** I think there's such beauty in being vulnerable and being honest about what you're going through. Because when you're able to do that and people see, instead of making an excuse of why I can't do this but being vulnerable and sharing. This is the struggle we're going through right now and this is the path we are taking to get out of this struggle. I appreciate your support and encouragement on this. I think that lot of people will be a lot more understanding than if you're just trying to push it under a rug and say, "Oh, you know," and come up with an excuse.

We were just very honest. We were very vulnerable, especially me. My husband not so much. But I felt I knew that there were other people dealing with this situation and hiding from it and that if I was talking about it, maybe their eyes would be opened too.

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**FT:** Were you able to save during this time period, or was it that all that you could really do was focus on getting out of debt?

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**AB:** Well, in Texas, teachers have a pension, so part of our paycheck automatically went to this retirement savings. Then we did have an emergency fund. It wasn't as high as I would've wanted it to be, but we always kept \$1,000 per person in our family. So we had anywhere between 3,000 to 4,000 dollars in an emergency fund. Then we saved for things like Christmas, birthdays, things that we knew were going to be coming up like car maintenance. But we weren't contributing to Roth IRAs or any extra retirement savings like that.

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**FT:** I also want to mention, you took on some side hustles.

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**AB:** Oh, yeah! We did.

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**FT:** Let's break this one open. Tell me exactly what you did, because I'm doing the math. \$110,000, four and a half years completion, getting out of debt. You got to be making some more money. So what were you doing?

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**AB:** Yeah. They're glorious and super exciting side hustles. My husband drove a bus. We had no shame. As being a teacher, he's a band director. He was required to get a certification to drive a bus. So he said, "Hey! I'm going on these trips. I might as well drive the bus." He would make \$50 every trip he took. There were times he would drive two times a week. We would take all of that extra money and put it towards debt.

He taught summer school. I taught summer school. I would tutor in the summers for \$50 an hour because I knew I had a skill. I knew parents wanted that skill, and so I was able to tutor my own personal students during the summer time and make really good money from it.

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**FT:** Eventually, you paid off the debt and you quit your job.

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**AB:** Yes.

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**FT:** You had a higher calling. All of this journey inspired you to land on a new endeavor. This is getting us now to talking about Inspired Budget, your new platform. Tell us about it.

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**AB:** It's really funny because I fell in love with budgeting whenever we were paying off debt like a weird amount, where I was kind of creeping people out that I would talk to about it because I had such a passion for it. I knew there was something bigger there, but it was something that just caught me by surprise, and I never imagined that I would have a passion for.

We became debt-free, and I thought, "Okay. Well, this is it." We become debt-free, and I no longer talk about budgeting again, paying off debt, and saving money. But I couldn't stop talking about it. One day, my cousin-in-law said, "Allison, we've all heard your story. We've all heard you talk about this. You need to tell other people, because everyone in the family here when you come to celebrate Easter and we're all together, we've all heard this. You need to reach out to other people."

Two weeks later, I started Inspired Budget because I realized I was going and I was sharing my passion with people continuously over and over again and basically annoying them. It allows me to take my talent for teaching, because I do have a talent for it, and my love of budgeting and put them together to help specifically women who feel overwhelmed, who are tired of living paycheck to paycheck, who know they have something better out there for them when it comes to their money, but they aren't sure how to get there. I help them with it.

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**FT:** You know, what's funny with budgets is that we hate talking about it but we also love talking about it.

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**AB:** Oh, yes!

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**FT:** We hate the word but we love the game. Talk about what you teach people and what is your approach to budgeting. I mean, we know your personal strategy for getting out of your own



situation with debt. But people can sometimes feel overwhelmed with so many tools, resources, strategies, spreadsheets. What is your secret sauce when it comes to budgeting?

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**AB:** I think the secret sauce is knowing your money. There's – You could have as many apps or as many spreadsheets as you want. But if you don't really know where you are sending your money and you can't say, "I am spending X amount of dollars on restaurants each month," or, "I'm going to [inaudible 00:13:05] and overspending this amount in each month or on an average this month," if you can't do that, then any budget you're going to write is not going to stick. You're not going to be able to stick to it, because it's not going to be realistic.

But when you can face your truth – Sometimes, facing the truth is hard, because it sucks and you might be disappointed in yourself. But if you can face your truth and then move on from there and know your finances inside and out, then it doesn't matter if you use an app, a spreadsheet, even a handwritten budget. You will find the tool that works for you only if you know your money inside and out.

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**FT:** Where do you think most of us are overspending or not spending very consciously?

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**AB:** I would definitely say our wants. My want might be different than yours. My want – I hate cooking. I hate it. I want convenience. I want it done for me. So that is my trigger point is I will pick up food. I also want makeup. My trigger point is Ulta. I think it lies into what is it that you want and then taking that and acknowledging that you tend to overspend in that area. Then even going so far as putting obstacles almost in place so that you don't overspend in that area and then even changing out what you're viewing on social media, so you're not tempted to overspend in that area will help people.

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**FT:** There's also the school of thought that we concentrate too much on the little things but really where we spend most of our money; housing, food, gas, cars. That's where we can make some significant change when it comes to saving money, adjusting those bigger purchases, those expenses. Did you and your husband make adjustments in those bigger spending areas as?

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**AB:** You know, what is so awesome is that we started our debt-free journey when I was, oh, my goodness, 25 years old. So we had – We learned about budgeting and the proper percentages and living on less at a young age. We never – By the time we are ready to buy homes, by the time we are ready to sign up for some of those big ticket items, we were educated and we knew what we could afford. So we never went and purchased the home that was way outside of our means.

I drive a 10-year-old car, and my husband drives a 12-year-old car, and we were able to move forward from that starting point. It's actually nice because I think most couples, they got married, they build debt together, and then they have to figure out a way to tackle the debt. Sometimes, one person is on board and another isn't. Whereas our family started with we got married. We realized, "Oh, my goodness! We have this debt that we came into this marriage separately." Then from there, we decided to tackle our debt.

None of our marriage did we really live extravagantly or outside of our means, because we started at the very beginning.

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**FT:** Now, today, how has your mindset around money changed, if at all? I assume business is growing and you're in a much better place financially. Are there new goals, new ambitions you have financially?

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**AB:** I mean, financially, we would love to build up retirement and ultimately pay off our house. We still don't have our house paid off. We paid off all those student loans and all of those car loans. I'd love to pay off our house and save for our children but then also travel. When I say it all out loud, it can seem so overwhelming, because I think, "Oh, my gosh! We have all these things we want to do.; We need to make a fortune to do it."

But I realized through this entire journey in the past eight years, one thing I think it really boils down to is that's a feeling. Over time, just through this entire journey, through just being married and through years and years and hours of therapy, I've learned that my feelings are not facts. In these moments, I need to call my feelings out for what they are and then say, "Okay. Well, what is the fact that is true? What is true here?"

Even though I feel like I have all of these savings goals and all of these things I want to achieve, it can feel like a mountain. It can feel unrealistic. But the fact is that I can do it, and so I need to not let my feelings get in the way.

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**FT:** As I'm sure you know a lot of our feelings about money today stem from how we were raised, our experiences in childhood. I would love to ask you about a memory from childhood that impacted the way that you grew up to approach money, think about money, things like that. Any stories, good or bad.

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**AB:** Yeah. This is going to be a hard one. We grew up in an average family in our area, and there were times whenever money was strapped, as I'm sure most people can relate with. There was a time whenever I was going into – I think it was sixth grade, and it was the beginning of school. For some reason, we didn't go back to school clothes shopping. I'm not sure maybe if we didn't have enough money or what was going on there. But I remember kids grow. I'm sure you know, Farnoosh. They grow so fast.

I had one pair of overalls that fit me. It was the first week of school, and I didn't have anything else that fit me super well. So I wore those overalls as overalls on the first day at school. Then the second day of school, I wore those overalls with a shirt over it, so they look like jeans. Then I remember the third day of school. I wore the overalls again and I was re-wearing this pair of overalls but trying to play it off in this social situation that, okay, these are different pairs of clothes.

I remember people calling me out on it like, "Why are you wearing the same thing over and over again?" I went to my mom and I said this is happening. I really need new clothes. She found a way to get me the clothes, but it was really hard and it was in that moment that I know I didn't grow up in a poor family. But I knew I was growing up in a family where money was tight at times. It shaped me and it shaped the way I want my children to feel about money and the way I want my marriage to be around money even.

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**FT:** Wow! I was really there with you on that story. That is moving. I think that's very relatable too. We've all been or know of that kid in school, right? We went to school with this kid or we were that kid who – Whether it was had the same outfit on days in a row or had – In my case, there were many kids in my classroom who had the subsidized lunch. Then we get the lunch carts in the morning.

That, for some kids, was traumatic. We've had guests on the show talk about that experience and how that really did weigh on them and made them feel in some ways less than, poked fun at all because their parents were receiving subsidies. But I guess now as an adult, you do have the power to look back on that and use that story for good and for change. You mentioned you want to create a different life for your kids. What do you want their relationship with money to be?

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**AB:** Well, it's funny you asked that, because this is where I'd like to pretend that I have it all together. But I'm going to be real with you. I don't. In fact, two years ago – We talk very openly

about money in our family. We talk about budgeting. We have weekly family business meetings, and a lot of times our kids are there for them. We don't shy around it. It's not whispered around a corner. We discuss it out loud in front of our children and we were since they were little.

One day, I got the electricity bill in the mail and I thought maybe it was going to be \$150, is what I budgeted. It was way over what I estimated. I remember opening the mail and getting the letter and saying like, "Oh! This sucks," because I had to pay more, which was fine. We had the money. My son who was five at the time, he said, "Oh, Mommy! I can help pay for that. Don't worry. I'll give you some money." I was like, "Oh, my gosh! Does my child think we're poor, because we talk about money all the time?"

Here I am, thinking I'm doing an amazing job because we're discussing money and budgeting. But I realized at that moment, I was projecting that because we were talking about money, we didn't have money, which is not true. So I was like, "Okay. We need to back up and try this again."

So we're still working it. We do want our kids to know and to hear us talk about budgeting. We do talk to them about, "Oh! Well, this is how much we have on our restaurant's budget and we used it up on this earlier, so we have to wait until payday and that's okay." Then we also give them allowances and encourage them to save up and buy things, instead of mom and dad always buying everything that they want.

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**FT:** Yeah. That is so fascinating how they are filtering all of this information. Some of the best financial advice I ever got about raising money-savvy kids is that it's less about what you say to them, although in this case it sounds like your five-year-old is quite the sponge. It's more about how you behave in front of them. So going to the grocery store and having a list and negotiating with whoever you are and having your kid watch that I think is sometimes a lot more impactful. It sends good messages. But, yeah, those kids are – They're sponges.

I've got a five-year-old at home. I know exactly what you are talking about.

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**AB:** Yes. Whenever you get a little bit of the stress over a bill that was just a little bit more than you thought, they'll jump to serious conclusions.

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**FT:** Totally. Totally. Okay. Now, Allison, I was snooping around your Instagram and I discovered that you have this thing called Inner Circle.

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**AB:** Yes.

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**FT:** All right. Tell us about that. That sounds pretty cool.

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**AB:** Oh, my goodness! I love it so much. I've had a budgeting course in the past and I felt like I gave people a course and then I walked away and I was gone. I always felt so much guilt because I enjoy helping people. That's definitely a passion of mine, and I want to walk alongside people and be the person that I needed eight years ago when we were just starting out and not really sure what on earth we were doing.

Instead of just having a course that you walk through, I have a membership program where I give you a lesson every single week, and we talk about different things. We talk about budgeting, saving money, paying off debt. It's just a lesson every single week. It comes with printables. It comes with videos. If you do the homework, you're making progress on your financial journey.

It slowly builds up over time so that when you can truly build solid financial habits so that you can the dreams that people have these dreams that just seem impossible. But I want them to actually be possible. It's really just a wonderful way for me to have –

Be an accountability partner for people who need the help. I want to be able to give the help, so it's been awesome.

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**FT:** I love that. Tell us how we can join or where we can join.

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**AB:** Yeah. You can go to [inspirebudget.com](https://inspirebudget.com) and join the waitlist. I only open the doors a couple times a year so that way I can really focus on the people that join in. You can join the waitlist. I'd love to have you.

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**FT:** All right. We'll put that link on our site as well. Allison Baggerly, thank you so much for stopping by. Everybody, check out Allison on Instagram, her website Inspired Budget. You've also got the Inner Circle. Thanks so much and congrats to you and your family.

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**AB:** Thank you so much.

[END]