

EPISODE 10

“PP: I think the challenge is simultaneously acknowledging the challenges that come with wanting to improve your financial life, simultaneously acknowledging those while not discouraging people and also, while not invalidating the success of people who have risen above the circumstances that they were born into.”

[INTRODUCTION]

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FT: Welcome to So Money, everybody. How are you? Happy Monday. July 27th, 2020. This week as it turns out, I have a number of interviews lined up with those who identify as members of the FIRE Movement. That stands for Financial Independence, Retire Early. The mission of the movement is to intensely save and invest, sometimes over half your income or more, so that you can retire sometime around the age of 40, maybe even sooner. Seems a little impossible right now.

The movement is often associated with white men who have high earning careers in software engineering, or finance, Mr. Money Mustache, for example. As a result, the saving and investing advice and the pursuit of FIRE can be found inapplicable to so many people.

This week, we're speaking to the minority members of the FIRE group that are making a huge impact, making the movement more diverse, more inclusive, more relevant. Today, we invite Paula Pant, a prominent leader of the FIRE Movement and an enthusiastic investor with a soft spot for spreadsheets, she says. Paula is Founder of Afford Anything, a personal finance and financial independence website. She hosts the award-winning Afford Anything Podcast.

Her core belief is that you can afford anything, but not everything. Paula survived COVID-19 earlier this spring. Our conversation begins there and we dive into so much, including her financial belief systems in this unusual time. Have they changed? Here's Paula Pant.

[INTERVIEW]

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FT: Paula Pant. Welcome to So Money, my friend. It is so nice to be reconnected.

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PP: I am so glad to be here. Thank you so much for inviting me on.

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FT: You are not dead, despite what the press has said. I mean, come on. That must have been weird. That must have been a good moment.

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PP: That was crazy. Back story for anyone who has not heard the story, is I had COVID-19. I was ahead of the curve. I was one of the first to get infected in early March, so I was getting coronavirus before it was cool. In the process of struggling with COVID-19 and recovering and I was posting on social media about it. Apparently, somebody somehow got the impression that I was dead. Then they created this thread on Reddit called RIP Paula Pant. It was actually very sweet. They were eulogizing me. It was a very nice eulogy. But I got a Google alert that just said, "RIP Paula Pant," and I was like, "Wow. I guess, I've really made it. Now that I have my first celebrity death rumor."

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FT: You've definitely made it, to be able to experience your death while you're alive. I think that's not an experience a lot of us can say we've gone through. You jumped the gun for me and I wanted to ask about your COVID-19 experience. I'm so glad that you are on the other side of things, although it was quite a horrific experience, despite being classified as mild, or moderate. You're a healthy woman. You got this, despite – I was reading your play-by-play on your blog. Everybody go check out Afford Anything. You logged this day-by-day. Even in the run-up to

contracting it, you were practicing what your Las Vegas neighbors were calling over-cautiousness. You weren't going to the birthday party at the bar. You were staying home. You were sheltering in place. First of all, were you pissed that you got it? I would have been like, "What the hell?"

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PP: I was definitely by the standard of all of my friends. I was the most cautious person. That's because both of my parents are 79-years-old. My dad has cancer. My mom has diabetes. Being the daughter of two people who are in very high-risk groups, I took it incredibly seriously from the beginning.

March 13 was the first day – that was the day that I declined an invite to a birthday party at a bar in order to stay home. Then March 14th was my first day of full precautionary quarantine. It was on day nine of quarantine that I started getting symptoms. I mean, honestly my biggest thought was thank God, I took a precautionary quarantine. Because if I became symptomatic on day nine of quarantine, that means that I must have been infected between 10 to 14 days prior to the symptoms beginning.

What that means is that I was quarantined for the majority of time that I was pre-symptomatic. I think that there's a pretty good likelihood that I did not infect anybody else. That's a huge relief, because I've read news articles about other coronavirus survivors who in addition to dealing with all of the physical complications of having COVID-19, they also have to deal with the emotional guilt of potentially infecting others, particularly those of us who got sick in March when this was all new. Yeah. I'm very, very grateful that I don't have to deal with the guilt of having infected anybody else.

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FT: Wow. Do you know how you got it?

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PP: I have no idea. Like I said, I must have gotten infected between 10 to 14 days prior to the onset of symptoms, because once I began quarantining, I did not leave my condo at all, other than I did go to the doctor's office, but they were incredibly – that doctor was incredibly, incredibly cautious. They took your temperature before they let you in. They only let two to three patients in the waiting room at a time. Every patient had to sit in a different corner of the waiting room. I mean, we were 15, 20 feet apart from each other.

The one time that I left the condo during my quarantine, which was to go to the doctor, it was the most protected experience I've ever had. I think it's fairly safe to say that I got infected between 10 to 14 days prior to symptom onset. I can't think of anything special that I did. I went to the grocery store. I went to the gym. I might have gone to a gas station. I mean, I work from home, so yeah, I think it was just the course of normal daily living. I traced all my contacts. I contacted every single person who I'd seen face-to-face in the 14 days prior to symptom onset and not a single person had it that they were aware of.

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FT: Wow. What is your thinking now, I'm on the East Coast, we're in phase three of a lot of the re-openings of commerce and business, camps are back in session. I was just walking downtown in Montclair and Lululemon's open. I'm like, "What? Who really needs a tank top right now? Just stay home." What's your advice, given that we are in a phase right now where I feel it's easy to forget the horridness that was March, April. You experienced it. What's your advice to people who may be listening and thinking, like we're in a new era of this, that's a little bit more "safer" to go out.

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PP: Yeah. The first thing that I would say and this is especially a message that I would send out to anyone who's listening, who's in their 20s, or 30s, or 40s. Don't assume that your relative youth is a get out of coronavirus free card. Don't assume that if you get it, you're going to be asymptomatic, or mildly symptomatic. I have a lot of friends, one of my best friends constantly says that. She's so flippant about it and she's like – because she's very healthy. She works out constantly. She looks great. She's very fit.

Because she's so healthy and because she's in her 30s, she believes that if she gets it, she'll be asymptomatic. The first message that I would send out to particularly young people is do not make that assumption, because it can – even for young people, it can be devastating and you just never know. It's a roll of the dice.

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FT: It is risky.

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PP: Yeah, exactly, exactly. The second thing that I would say is when you go out, take of course all of the usual precautions; wear a mask, use hand sanitizer, wash your hands frequently. If you live with your parents or your grandparents as a lot of people do, or if you come into contact with any elderly people, that's especially the time to be extra cautious. For example, one piece of advice that my doctor gave me, she said – and I live alone so I didn't have to do this, but she said, when you come into the house, when you step through the front door, the first – if there is somebody else living in that home and you don't want to infect the person living in that home, the minute that you step through your front door, just strip off all your clothes right away, put it in a plastic bag and don't touch it again until it's been through the laundry on a hot cycle.

It sounds a little bit ridiculous, like getting naked the minute you walk through the front door. But that's the reality of it. Coronavirus could be on your clothing, it could be anywhere on your person and especially if you live with a high-risk individual, you – it goes back to the guilt of infecting somebody else. You really don't want to have to bear the burden of that guilt for the rest of your life.

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FT: Right now, we're learning that it's not contracted on surfaces as much as it is –

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PP: Respiratory.

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FT: Respiratory. Then again, we're learning as we're going. Do you feel we should just follow the latest guidelines, or we should always be as cautious as we were back in March?

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PP: Well, I think particularly if you live with, or come into contact with anyone who is a high-risk individual, be as cautious as you were in March, if not more so. Anecdotally, I mean, I've heard horror stories. I'm Nepalese-American. There was a Nepalese family living in the Bay Area around San Francisco. The parents, the elderly parents of the man who was living there wanted to move in with their son. The son was maybe in his 30s.

The son moved to a larger apartment, so that his parents could live with him, hired movers to conduct the move and one of the movers had coronavirus infected his father and his father ended up dying. You hear these horror stories and that's why particularly, if you are coming into contact with anyone who is over the age of 60, 65, 70, or anybody who has any type of chronic conditions, being more cautious than necessary could spare you from the unthinkable.

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FT: It's just always important to remind people that even a mild case of this can be devastating, not only physically, but emotionally and financially, which pivots us to money, a topic we both love to talk about. You're the creator and host of the popular podcast Afford Anything and the blog Afford Anything. How have your financial perspectives, if at all, changed since personally experiencing COVID, but also now living in a recession that is tied to a pandemic? Are you giving different advice these days? Are you following different advice these days?

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PP: I would say first and foremost, I think what this recession has brought to light is that the classic principles of personal finance are as important, if not more important than ever. That tried and true advice that we often keep hearing, save an emergency fund and don't invest your emergency fund in the stock market. Keep it in cash. Keep it in something safe and that's liquid and easily accessible.

A lot of people, when there's a bull run and times feel great, a lot of people want to fight that. We from 2009 until March of 2020, we had an 11-year bull run. That was a time when a lot of people were tempted to raid their emergency fund and put that money in the market, because they just saw the stock market as a high-yield savings account. The sudden drop in the market that we saw in March and the fact that we are living in a recession I think is a reminder that the classic principles of reduce, or eliminate the amount of debt that you carry, save an emergency fund that is at least three to six months' worth of your expenses, if not more, live significantly below your means, remember that flexibility is the ultimate security. Those classic principles are really coming to the forefront right now.

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FT: Even when you compare this recession to the recession of 2009, this one feels a lot hairier, in the sense that it's not contained to a couple of industries, like real estate and finance. This is anyone's guess as far as how long it could take the pain, how great the pain could be and everyone is talking about of the financial cliff, which is that a lot of the stimulus benefits will be expiring soon, including that \$600 additional unemployment check every week for those who qualified.

Yes, I agree that the tried and true financial principles, if you were doing those things, you're probably in much better shape now than those who were not. How long can that really sustain you? If you lost your job and you did have a six-month rainy day. Well, you may be unemployed for a year at this point. It's anyone's guess. For someone who's in it who maybe even done all the right things, but is thinking about the next six to nine months, how can I – I know you did a podcast on how to end the year stronger than when you started, what's your advice?

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PP: It's a twofold approach. Part of it is reducing your expenses as much as possible. The other part is looking for creative ways that you could earn extra money, at least temporarily. In terms of earning extra money at least temporarily, so one thing that's really coming to light right now is a lot of parents are tasked with simultaneously watching their children while also trying to work from home. There are a good number of opportunities out there for babysitting. Of course, you want to be cautious and maybe limit it to only one family. Of course, you want to be cautious in terms of how many people you're exposed to, so that you reduce your risk of contracting COVID-19. That's just one example of the type of side hustle, if you will, the type of opportunity, something that you can do while you're looking for your next job, the next job within your field.

One of the challenges of COVID-19 is that the plan B that a lot of people had, those plan B's no longer are viable. I've known a lot of people who have said, "Well, if everything falls apart, I'll just go to Thailand where the cost of living is a lot cheaper, or I'll just go to –" They'll talk about geo-arbitrage. Well, in an era of coronavirus, that's no longer really a viable option.

Similarly, I've heard a lot of people say, if everything goes to hell in a handbasket, I'll move back in with my parents. Again, when there's a risk that you could be the person who infects them, that's no longer an option. I think because those options for cost reduction are now taken off the table, it becomes particularly important if you need the money to put your pride aside and do things that you normally would not have done, like babysitting, or selling masks on Etsy, or doing yard work for people; anything that will get you that extra \$600 a week that the government won't give you once that unemployment supplement runs out. If you can just make that extra \$600 a week once that added enhanced benefit goes away, that coupled with your ordinary unemployment benefits could hopefully keep you in a good place.

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FT: One of the ways that you have built wealth, one of the ways that you're talking to people right now about how to increase their wealth is real estate. Tell me why anyone with a right mind should be investing in real estate right now. I mean, I bought a house in COVID, but that was my primary home. I'm not sure if I even had the capacity to invest in real estate right now. What's a good market?

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PP: Well, so the good news for anybody who wants to buy a home right now is that there are not very many buyers out there. That makes this a particularly good time to be a buyer in many markets. Of course, there's no such thing as the national market. There's only many local real estate markets, but in a lot of local markets, the volume of both sellers and buyers has reduced, but the volume of buyers has shrunk more than the volume of sellers.

In terms of the supply-demand, there are more people selling than there are buyers buying, which puts buyers in a strong position to negotiate and get homes for far cheaper than they otherwise would have, or negotiate other concessions, like the seller covers closing costs, or the seller handles a bunch of repairs that are needed prior to the closing of the transaction. That wasn't possible a year or two ago in a lot of markets when sellers were getting multiple offers on the first day of listing.

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FT: The scarcity is helping some buyers. Not in some areas though, like here where I live there's still multiple bids per home. You're moving to New York City. Was this something that was decided upon as a result of what you experienced in the spring? I know you're nomadic. You like to bounce around. Why did you choose New York?

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PP: I've wanted to live in New York ever since high school, ever since I was maybe 14 or 15, that this has always been a bucket list dream, a bucket list idea. In April of 2019, I knew that I wanted to leave Las Vegas. I was getting divorced and I wanted to leave the city that my husband, my now ex-husband and I had lived in. It had just too many painful memories.

I knew that I wanted to leave. I knew I wanted to go somewhere and I narrowed it down to either Austin, Texas, which is where my two best friends live, or New York City, which has always been on my bucket list. In April of 2019, I got an Airbnb in Austin, Texas and I spent a month there. By

the end of that month my conclusion was, “Hey, I really enjoy this place and I love the fact that my best friends are here, but it's just not me.” It was at the end of April 2019 that I made the decision that I would move to New York. At that time I thought, I’ll move in a year. My intended move date was April 2020. Of course, we all know what happened in March and April of 2020. Not only did the –

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FT: I don't know what you're talking about. Whatever. Just normal. Normal life.

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PP: Yeah, exactly, exactly. Nothing remarkable about those months.

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FT: Yet, you still wanted to come to New York, despite the fact that it's the epicenter of COVID. The economy here is TBD, as far as – I mean, I really love New York and my heart's still in New York City, even though I’ve moved across state lines. I don't know when it's going to get its groove back. What are you looking most forward to as a New Yorker?

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PP: Well, I’ve been here for a total of four days now, as of the time that we are recording this. Honestly, being an outsider who is unaccustomed to crowds, the fact that the city is so emptied out makes the transition a little bit easier. I visited New York many times before and I think it would be overwhelming to move here and have jam-packed subways and bustling streets and cars flying by and honking at you. The fact that it's so quiet, so serene makes it easier for somebody who has never lived in a major city before. I mean, not a major city like this.

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FT: Yeah, it's spoiling you a little bit.

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PP: Yeah, exactly.

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FT: You can sit anywhere you want on the subway. That never happens.

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PP: Exactly. Exactly. I think that helps quite a bit. I love being outdoors. Just the basics of taking a walk through Central Park, going to Hudson River Park, those types of outdoor activities, I've always loved that and that doesn't require any museums to be open. It's just the glory of the outdoors.

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FT: Have you thought about the outlook for our industry, personal finance, in terms of how it's going to change and those who are giving the advice? Who will be standing uh this time next year in terms of the popular voices, or the platforms that people will be gravitating more towards? Is it going to be podcast? Is it going to be books? Is it going to be blogs? You have all of those things. What are you doubling down on?

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PP: I think a lot will depend on once the nation reopens, will as many people be working in offices? Will people be commuting again? If the number of commuters remains roughly what it was close to what it was pre-COVID-19, pre-pandemic, then I think podcasts will remain strong. I think one of the big threats to the podcasting industry is that if people aren't commuting, then fewer people have the environmental cue to listen to podcasts.

I mean, you have some people listen to podcasts when they're at home, when they're cooking, when they're out on a jog, but there's definitely a strong contingent of people whose only time to listen to audio is during a commute. If that goes away, then I don't know if listenership would shrink forever. Those listeners would probably eventually be replaced by other people who find time to listen to podcasts while doing other activities. I do think that at least for a while, the podcast industry will be affected by the absence of the listeners who stopped listening once the commute went away.

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FT: Yeah, the routines. Maybe the job market and the podcast listening market is going to – there's going to be some weird correlation. The unemployment number is reducing and podcasts are doing better. I wonder if there's a way to that lens. We are in the midst of also a black lives movement, Black Lives Matters movement. You as being someone of a person of color, what do you think is important for the personal finance community to address, or things that need to change, or shift? There's been some remarks that talking about Black Lives Matter can be political, or talking about race and money can be alienating. What are your thoughts on that?

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PP: Well, so first of all, there's a distinction between a thing being political. Meaning it concerns the public affairs of a nation, versus a thing being partisan, meaning it divides along party lines. A thing can be political without being partisan. My hope is that anti-racism and the Black Lives Matter movement will not be partisan. My hope is that this will be an issue that everybody can support, because to me, it just seems basic. I mean, why wouldn't you want to be an anti-racist, or learn how to be an anti-racist?

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FT: Having our platforms is a great vehicle to having those important discussions, right? Especially the intersection of money and race.

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PP: Exactly. Exactly. That is a discussion that has not been had very much. I mean, I'm thinking about the financial independence community.

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FT: Mostly white guys. Mostly. Really, I mean, it's dominated by white men and some white women.

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PP: Exactly. Exactly. Even the advice that's often given. People will talk about don't spend money on hair services. To say that to a blonde white woman, versus saying that to an African-American woman, I mean, there are different – it's a different context. It's a different conversation.

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FT: By saying certain things, you're not talking to certain groups of people, which we never really thought of that going in. That even for example, I've learned that hey, if I can do it, so can you. It's this throwaway comment, which my intention in ever saying that was to encourage people to say, Hey. I had some adversity growing up and I got to where I am. You should be able to do it too, but my adversity is not someone else's adversity. The level of my adversity is nowhere near the level of adversity that someone who has black skin in this country." That for me was really a change that I want to make in my own communicating.

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PP: I think the challenge is simultaneously acknowledging the challenges that come with wanting to improve your financial life, like simultaneously acknowledging those, while not discouraging people, and also while not invalidating the success of people who have risen above the circumstances that they were born into.

I think the challenge in terms of talking about it is oftentimes, I certainly would never want to discuss any issue in such a way that it makes the listener feel like, “Well, the game is so rigged. It's so stacked against me that I shouldn't even bother trying.” That's the last thing that I want to do. I think that's the thing that everyone in the personal finance community, I would hope that they work on is acknowledging the reality and acknowledging the reality that we live in a society, where the rich get richer and some people are born with inherent privileges as a result of their skin color, their religion, their national origin. Acknowledging that while simultaneously not relaying the message that that you cannot succeed, because of X, Y and Z factors.

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FT: Right. It's also bringing to light, Paula, that it's not just – the onus is not and should not just be on the person, but on the system and the policies too. I have some predictions going for some optimistic predictions, which is that we acknowledge that yes, there are certain things that as an individual, you can and should do to preserve your money, to grow your money. It would also help to have the support and the acknowledgement and the systems in place that would create a level playing field.

Yeah. I think it's important that we don't just make these blanket statements and behold our elected leaders to task more. To say like, you need to create more balance, more level playing field, more access for everybody if we really want to create not just equality, but equity for everybody.

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PP: Absolutely. Absolutely. One thing that I learned in the last month or two as you know, Farnoosh, you and I are both from immigrant families. I was born in Kathmandu, Nepal. Being from an immigrant family, when it came to any instance in which I had to “act white,” or anglicize myself. The name on my birth certificate is Pragya, but I've anglicized my name into Paula, because it's easier. It's easier to conduct business. It's just easier to get around when I introduce myself as Paula, rather than Pragya.

As I've made those types of decisions throughout my life, I've always come at it from the perspective of – almost from the perspective of I'm a guest here. The United States didn't have to let me in, but they let me in. I've always been felt fairly willing to adapt to what I saw as mainstream US culture, largely because I came from this mindset of I wasn't even born on this soil, but the US let me in. They allowed me to get naturalized as a citizen. It's up to me to integrate with this society.

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FT: You're playing by their rules.

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PP: Yeah, exactly, exactly. It wasn't until the last month or two that I really stopped to think about wait a minute. What would the experience be like if you were born here and your parents and your grandparents and your great-grandparents were all born in the United States and yet, you're still a marginalized community? I hadn't never truly reflected on that before. That hit me. Once I stopped and once I really thought about it, that hit me hard in terms of wow, that is – it's hard for me to imagine.

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FT: Yeah. It's enraging, to say the least. Not only your great ancestry lived here, was born here, but built the country. There's that also to reckon with. Paula Pant, it's been so nice to reconnect and learn about your experience and also where your head's at with everything that's going on in the world. I really respect your views on not just money, but the world. I'm just happy also that you're well and back at it. Once things are “safe again,” would love to have a toast to your health in person.

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PP: Oh, thank you. Thank you. One day, I will see you. We'll sit six feet apart from each other.

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FT: Across the river. Yeah.

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PP: We'll sit six feet apart and toast some champagne and drink it through a mask.

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FT: Looking forward.

[END]