

EPISODE 1262

[INTRODUCTION]

“TH: The U.S. is the biggest contributor to climate change historically. We have the biggest share of carbon dioxide in the sky, and so we have to consume less. But this isn't just about subtraction. It's also about shifting. Because as we were talking about with the black-owned businesses, it's creating demand. So think about the money that you're spending as creating demand for the world that you want to live in.”

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FT: Welcome to So Money everybody. I'm your host, Farnoosh Torabi. We're going to put our money where our mouths are today with our guest, Tanya Hester, who's got a new book out called *Wallet Activism: How to Use Every Dollar You Spend, Earn and Save as a Force for Change*, whether you're interested in climate change, social justice, women's rights, all of the above. Tanya will share from her book and from her own life experience how to create a financial roadmap that aligns with your values. You may remember Tanya. She was a guest on the show a while back. She is an early retiree. She is the founder of Our Next Life, a very popular blog where she and her husband documented their path to early retirement. She's been called the matriarch of the fire movement by The New York Times and a female financial influencer you should be following by U.S. news. In our conversation, she shares advice around how to not just spend your money in a way that matches your values, but also how we earn and how we save can make an impact. Here's Tanya Hester.

[INTERVIEW]

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FT: Tanya Hester, welcome back to So Money, and congrats on your latest book, *Wallet Activism*. So timely.

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TH: Thank you so much. I'm thrilled to be back.

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FT: It's a podcast as well, book and podcast. For anyone ready to change the status quo, starting with, your money management your wallet activism as you write. And the subtitle is How to Use Every Dollar you Spend, Earn and Save as a Force for Change.

Let's start with the personal backstory to this. Tanya, you are no stranger to financial independence. You are the creator of Our Next Life blog. You've written multiple books. You're an early retiree. You were originally on So Money during our early retiree week. You know this space intimately well, this is space of managing your money healthily and align with your values. But why did you want this book to be your next offering to your audience?

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TH: I think the shortest answer is that I really wanted to read this book. I wanted a book that would give me a lot of guidance about how to use my financial power as a force for good in the world, and it didn't exist. I looked and read through a lot of books and found that either the solutions people offered felt overly simplistic or they looked only at what I'd put in quotes "so-called ethical consumerism."

And I sort of felt in my gut that, yes, that was important, but it was also important to question consumerism period and to look much beyond that, because if we look at the biggest opportunities we have to use our financial power, a lot of that is in the work we do. It's not just the shopping part. It's in the food we eat. It's in where we choose to live. It's in how we invest. Where we save? The piece about where you bank is so critically important. And it's not part of the conversation. It's looking at how you give money. What you give away philanthropically? And so to me it just was a book I really wanted to see in the world and it was sort of like, "Okay, I don't see anybody else doing this. I'll do this."

But I think financial independence is a wonderful thing. In my case, it allowed me to have control over when I stopped working, because I was very motivated by my looming disability. I watched my father get forced out of work against his will because of his disability. And I didn't want to be in that same boat. But then I also feel like once you reach it, you don't necessarily need to talk about financial independence anymore. It's a means to an end. Not the end. And so for me, that was really in line with what I talk about in Work Optional is once you get to financial independence or a work optional status, then you can spend your time in ways that align to your purpose that fulfill your heart and soul in a different way. And so for me that's talking about climate change. It's talking about social inequality, wealth inequality, exploitation of workers around the world. Those are the things I truly care about. And so now that I had the time to write that, I was really excited to take it on. I mean, it was a much bigger project. A lot more research. But I'm really proud of the end result.

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FT: It can be overwhelming though, because even as you listed some of these major issues that are near and dear to you, and I feel the same way, things like social justice, climate change. There are many problems worth fixing in the world. And to then go back to your finances and say, "Okay, how can I align my spending, my earning and saving to match the change that I want to see in all of these areas, where do you begin?" So it's like not this self-defeating process, because it can be really, really overwhelming and you may just give up.

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TH: 100%. I think we've all had that experience one way or another. I talked very early in the book about the need to let go of the idea of perfection and to remind yourself that no one can do everything I talk about. So the idea is to look for things that I talk about in the book that resonate with you, that speak to you in some way. But the other big piece is putting together a financial values statement. And we did something similar in Work Optional, but this time it's really focused on the causes you care most about, the values that you want to see expressed in the world, the ways where you know already your financial habits aren't aligned to your values. So you see things you can work to course correct. And then you use that value statement as sort of your decision-making mechanism.

So I love the analogy, if you're a vegetarian and someone says, "Do you want a hamburger?" You don't have to waste any mental energy thinking about that. You just say, "Nope. I don't eat burgers. I don't eat meat." And I want to give people the tools to do the same thing with their financial choices. So that could say here are the things I don't spend money on and I don't have to waste any thought pondering that, or feeling bad, or using my willpower. Here are the things that I will spend money on but I want to be much more thoughtful about it. And here are the things that I spend on without guilt, because I think that's important too. Everybody needs – I mean, we're human. We can't be perfect all the time. You need to have the categories where you can just do what you want and not stress about it. So that's really the focus of that exercise. And I think it's really powerful. Then you're able to make some choices without having to really laboriously think about each and every one, because I think, yeah, that would quickly get overwhelming.

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FT: I want to get to some of your advice around specifically how to spend earn and save in a way that is aligned with your values. But you made me remember that I had a guest on back in the spring, Julie Scelfo, a woman who is a self-described activist, and she's a journalist. And she stopped using Amazon. And by that, I mean, also Zappos, and Wholefoods, and all of the things that Amazon has its grip on. And it was hard. But this was her form of protest, right? And this isn't to say that everybody should do this or that frankly it can even change the game, because there's a lot of data that shows that if even all of us stopped subscribing to Prime or something like that, like Amazon is so big. What really hurts it is laws prohibiting it from, say, opening up centers like when New York put a stop to their plans or their ambitions to open here. I mean, that really hurt them where it hurts, the money. So can you talk a little bit about like where are you seeing consumers really making an impact when they choose to shop one place over the other? Because that's really motivating to know that I can actually be an agent for change. It's not just nice to feel. Like I can go to bed at night knowing that I'm not supporting these cause, these institutions that I don't believe in. But to also know that, "Hey, like this could really change the game and the landscape." Do you see evidence of that? And what sort of words of encouragement do you have for people who want to get behind this, but they really want to see the results too?

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TH: Yeah, I think it's easy to look at the whole thing and say, "Well, if I get rid of Prime and I stop shopping at Amazon, it's not going to make a difference." And honestly, in many ways, that's true. What matters is that more of us take stances. But I think in terms of Amazon specifically, I think it's also important to recognize that a lot of folks can't really afford to give up Amazon or give up Walmart or things like that.

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FT: Right. Great point.

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TH: Yeah. And this is not a book that says, "Hey, you have to shop at Patagonia and your local hippie food co-op and nowhere else."

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FT: And spend so much more. Like families don't have that kind of money. People during the pandemic, as much as you want to hate Amazon, I mean, I keep using Amazon. My dad actually works for Amazon. I'm a conflicted person here. But people needed the convenience to be able to get your prescriptions in the same day or whatever. So I get it. It's hard.

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TH: Yeah. But I think that there are individual pieces that you can look at that I think are really good reminders. So for example, Amazon has documented rates of injury in their warehouses, the place where they package up your stuff and ship it to you around peak periods. So around Black Friday, around Prime Day, Cyber Monday, all the kind of pre-holiday stuff, they have extremely high rates of injuries among their workers. And so if you say I'm going to avoid shopping with Amazon during peak periods. That's very powerful. You might have just saved a

worker from getting hurt on the job. So there are always little pieces that you can look to that I think show success. Things like one of the most powerful things you can do in terms of making an impact with your money even if you don't have all that much of it is to stop banking with big banks, because all of the big banks, J.P. Morgan Chase, Citibank, Bank of America, Wells Fargo, go down the list, all of them fund fossil fuel projects. And we talk about responsible investing that, "Oh, well, you don't want to support Exxon Mobil by buying their stock." Well guess what? If you have money sitting in a savings account at a big bank, you are supporting Exxon Mobil. You're funding their projects.

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FT: It can be a real rabbit hole, can't it though, right? Like if you want to go down that track, there's just always around the corner another example of a bad actor, a bad apple where you're tethered to that. And so how do you create framework? Because I think what we decided with our previous guests was maybe you start small. You're like, "I'm not going to buy my books at Amazon. I'm going to buy them at the local store, because that's something that I can do. And I don't need the book the next day."

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TH: I mean, honestly, just that. Just saying if I'm ordering five things, I'm going to select the slowest shipping option and ask them to be packaged together in the same package. That alone makes a difference. That's going to put the warehouse workers under less pressure. It's going to mean less packaging coming to your house. So that alone would be a great step. Like you said, saying I'm not going to buy my books there. I'm going to buy them at local stores even though they'll probably be a couple of dollars more each. That stuff matters.

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FT: Do you see evidence that, let's say, a greener portfolio of investments outperforms that which is maybe not so environmentally conscious? That's important, right? We want to encourage all this good behavior, but not at the cost of losing money for our futures. And so I just want to know if you have any thoughts on that and how we can reassure people that they're

not going to be losing out. It's like no good deed goes unpunished, right? It's like I'm going to invest in these green companies and then I still need money for retirement.

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TH: I think my answer might actually surprise you. I put far less emphasis on so-called green investing than a lot of other folks do in large part, because, unfortunately, the ESG, environment, social and governance space, has become pretty scammy. There are a ton of funds in there that have oil companies in them because those oil companies have really good governance and treat their employees well, but it's still an oil company.

And so ESG investing is still probably better than non-ESG, but you have to do your homework and you have to look up the specific fund and look at what's in it if you really care. But that said, when you buy a share of stock, you're probably buying it from a retiree who's selling it from an institution that's building their 401 (k) funds. You're not actually giving that money to the company unless it's the IPO.

And so in terms of things to freak out about, I think investments are actually pretty low on the list. I think you have a much bigger impact if you can move your money out of a big bank and move to a credit union, a community bank, a black-owned bank. There are so many great options that aren't funneling money to the fossil fuel industry. So I would honestly tell people to start there.

One thing that I do think is promising but is not yet widely available is what's called direct indexing. So you're able to buy essentially shares of an index fund, but then go through and subtract the ones you don't like. So you could take the S&P 500 and pull out the fossil fuel companies, the gun makers, the people who make fast food. You can match your values to what you do. So that's something that I'm hopeful will be more widely available to more people soon.

And then, yeah, like you said, you're still getting the low fees. You're getting most of the gains of the big investment out there. So you're not trading it. I think anybody who says you have to take two percent less in returns and pay a full percent in fees to do your green investing. I mean, that's a scam. Run away.

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FT: I haven't heard really a lot of people talk about how moving banks can be a way to support your environmental initiatives. What are some other steps that we may not immediately think about when it comes to being sort of values-driven? And then I do want to talk about how to define your values? How to actually maybe pick three out of the 300 issues that are keeping you up at night? But first let's talk about some of the other lesser-known important ways that we can be activists with our money.

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TH: Yeah, there are so many. I think people really don't spend a lot of time thinking about where you live and how that impacts people and the environment. But it could be something like choosing to have a smaller home, but to be much closer to the core of the city so that you're having a shorter commute. A lot of it has to do with gentrification and thinking about are you moving into a hip neighborhood, but at the cost of a poor family getting displaced? And so that is a big piece of your financial power.

Think about it, for most people, your housing is your biggest expense. And we don't think about the impact that that has in the world. You can also think about work, which is where you earn your money. Thinking about, "Well, do I want to support this company? Do I want to support this industry by working for it?" And I do think that industries will be forced to change if the most talented and sought-after people say, "You know what? I don't want to work for this industry."

But also even if you work for a bad guy company and you don't feel great about it, you can still conduct yourself in the workplace in a way that makes a difference. And work is a financial transaction. So it's important to think of that as financial power, but it could be sticking up for employees coming up behind you pushing for more diversity and true inclusion in the workplace. Not just let's hire a bunch of folks who won't stick around because the culture is toxic.

It could be, honestly, trying to organize a union or some other collective bargaining unit so that you have strength in numbers. There are so many ways you can use that. So I really encourage

folks to think about this. It goes so far beyond shopping. Just like can I shop at Target? Those are questions for you to sort out.

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FT: So tell us how you – And I know this is very personal to you, and you've been living this advice for many years. Maybe through your own experience, you can teach us how to map-out and how to identify your, say, top three areas for focus, because there are many ways you could tackle this.

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TH: There really are. And I don't think it's my job to say to you here's how you need to approach your money. It's let me help you ask the right questions so that you can decide what feels right to you. So we start with just looking at, of all the issues out there in the world, there are, as you said, basically an infinite list of things you could be upset about or want to make change on. Figure out the top three or four for you. So if it really upsets you that black families in America have about one-tenth of the wealth of white families. You want to focus on that. Then that's going to guide you to make different decisions. Maybe then you'll focus on shopping with black-owned businesses or businesses owned by other people of color and you'll focus there. But you won't pay maybe as much attention to the supply chain of the things that they're selling. And that will sort of guide your decision making.

We also talk about do you care most about large-scale systemic change? Or do you care about small-scale local change that you can see with your own eyes? And that might dictate a different path. So you might say, “Okay. Well, I’m going to do as much shopping as I can at the farmer's market even if it's more expensive because I want to support local.” Or I’m going to focus on homelessness and people experiencing homelessness because I want to see this person get into permanent housing. Those are things that will guide your decision making differently. Versus if you say, “I really want to work on you know boycotting multinational corporations to try to push them to change their ways. Or I want to do shareholder activism like they just did at Chevron and forced a bunch of new more environmentally-minded folks onto the board.” Those are those are very, very different approaches. And so thinking about where you're inclined to

want to see the change and the things you care most about I think guides you to the right approaches.

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FT: That's great. And I think it's important to remind everybody. This was something that I learned recently, or I kind of came to the realization. Because you're right, we kind of focus on like the big corporations and bringing them down. And it's really hard as we've discussed. But putting our money towards the small business owner, the people of color running these businesses, the farmers, those are the lives you're changing more, right? That's where the impact really lives. And I think that's an important reminder, because you can feel like this is an impossible hill to climb.

So climate change is a huge – It's here, okay? Anyone who's in denial, I want to live there. Like that sounds like a great place. I don't know where you're living. Tell us about, specific to climate change, some action steps we can be taking that are real tangible too.

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TH: Yeah. I think that it's funny, because so much advice that's out there, especially from environmentalists, tends to say you have to consume as little as possible. We all have to give up meat, and give up cars, and never get on a plane again, and long list. And it sounds very overwhelming. And I don't blame people when they go, "Ah! I can't do that." So why try? And I get why people get this climate doom or climate fatalism.

But the reality is that if we think about this in economic terms, I mean, we live under capitalism. There's probably no changing that, even though I know lots of folks would like to try. So we have to look at the fact that money talks. And a lot of this is about consuming less. Specific to climate change, almost all of us in the U.S. and Canada qualify as rich in a global sense even if we're not rich in the U.S. And that means that we are among the highest consumers of resources. And the U.S. is the biggest contributor to climate change historically, even though china and India emit more now. We have the biggest share of carbon dioxide in the sky. And so we have to consume less. But this isn't just about subtraction. It's also about shifting, because as we were

talking about with the black-owned businesses, it's creating demand. So think about the money that you're spending as creating demand for the world that you want to live in.

And so with climate change, you might say, "Well, I need a new car." First, I encourage people to keep the car they have as long as you can. But if you truly need a new one, buying an electric car sends a powerful signal that consumers want electric cars, and it pushes demand for the cars themselves, for the infrastructure. And then you can focus on pushing your policymaker and your utility to go to solar wind power, things that aren't fossil fuel-based. So we always need that policy side and we still have to hold corporations accountable. But you can still be a part of creating positive demand, shrinking demand for the bad stuff. Just driving less, creating less demand for gasoline is a really powerful thing if a lot of us did that.

And honestly, with change, there is varying research on this, but a lot of social scientists have looked at different causes and have found that if five to seven percent of people make significant change, that's enough to drive larger scale change, because companies look at that. If they have a five percent dip in profits, they pay attention. It doesn't have to be a 50% dip for them to sit up and notice. And so I think that's important to keep in mind. We're not trying to do everything here ourselves. We can't change the practices of every corporation. And just by buying less gas you're not going to change the carbon emissions of the country, but it's about being a part of that small scale change that pushes bigger scale change.

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FT: And I know that your book is not focused on necessarily the political spectrum, policy-wise what needs to happen. But are you encouraged by what you're seeing as far as where we were say 10 years ago and where we are now as far as the attention and even the changes that are happening at a high level? Because we can all do, as individuals, our part. But as you point out, there are systemic issues. There are bigger players at play who can make real change happen much faster. The UN is meeting, and this is specific to climate change. The UN is meeting in November to discuss climate change. So that's a good sign. But what is your temperature read on kind of where we our big picture?

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TH: Yeah. So I spent 16 years as a political consultant working in the political space. And during that time I saw so many instances of where it feels like nothing's happening, nothing's happening, nothing's happening, and then all of a sudden everything changes. A recent example of that is same-sex marriage. A decade ago, it was not legal in the U.S. And then there was a court decision, and all of a sudden overnight it was legal. But more than that, public opinion really shifted. So it went from the majority of people not supporting it to now it's an overwhelming majority support it. And it felt like, "Oh, we're never going to get it. We're never going to get it." And then all of a sudden here it is." That's happened time and time again.

The Vietnam War was incredibly popular until all of a sudden it was incredibly unpopular. So I would just offer that as encouragement to folks that it's often going to feel like nothing's changing. And that doesn't mean that we're not getting closer to that tipping point. And so I think with climate, we're getting close. I think that this year has taught a lot of people that climate change is real in a way maybe people haven't accepted before. And the number of people who were affected by hurricanes and flooding and wildfires is a big chunk of the country. And so I think we're getting closer to that point. But I get that it's going to feel like dark days until we get there. But most of the world is already there. It's really just the U.S. that's the holdout. And I think we're close to getting to that point here. I really believe that.

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FT: I do too. I do too. We were talking last night in our house about just that, just the turning point. It almost did seem overnight. Obviously, it wasn't. With global warming, how do we get more people behind this and feel the immediacy of it? Maybe you need to come live in New Jersey and get your basement flooded.

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TH: Oh, gosh! Yeah, no. Obviously, I'm not wishing all those natural disasters to anybody. The unfortunate truth is that people tend to not care about something until it personally affects them. And that's why leading up to the legalization of same-sex marriage, a lot of different folks in the LGBTQ+ space were advocating for people who fit into that category one way or another and

talking about their experience more and being more open because there were lots of folks who said, “Well, I don't know any gay people. I don't know any trans people.” And I was like, “Yeah, you do. You just don't know you do.” So let's try to personalize it.

I think with climate change, unfortunately, it will be less of a getting to know you thing and more people experiencing disasters, but that's happening, and we can't stop that part at this point. It's going to take bigger shifts overtime. But I think people having their basement flooded, or people getting forced to evacuate, or their house burns down, or any number of other things happen, they're going to say, “Wow! Okay, I see that it's actually in my interest to address this, because so far one side of the political spectrum has been incredibly successful at spinning this as, “Oh, the democrats just want to take away your car and tell you you can never have another burger, and you have to quit your job that's harmful,” and painting it as this ridiculous scenario. And it's like we're trying to protect everybody's livelihood and keep people safe and healthy. And how is that controversial? But I think as people experience the disaster, they'll get there.

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FT: It's going to get worse before it gets better, unfortunately. That's just how all of these movements are. But we have more stakeholders at the table now realizing the impact and the immediacy of the impact. But in the meantime, everybody should check out your book. Tanya Hester, thank you so much. The book is called *Wallet Activism: How to Use Every Dollar you Spend, Earn and Save as a Force for Change*. And like mentioned, you have a podcast as well with the same topic. And Vicki Robin who is a friend of the show and she's like our icon in the financial space, a New York Times bestselling author of *Your Money or Your Life* calls this “the book we all need to see through the marketing lies we're surrounded by and make better choices for the planet and our fellow humans.” We know Vicki. She was on to this well before a lot of us in the personal finance community were. And we thank her for that. And we thank you.

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TH: Thanks so much for having me. This is a blast.

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FT: Thanks so much to Tanya for joining us. The book again is called *Wallet Activism*, available everywhere. And if you'd like to follow Tanya at ournextlife.com. Thanks for tuning in and I hope your day is so money.

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