

**EPISODE 1263**

[INTRODUCTION]

**ANNOUNCER:** You're listening to So Money with award-winning money guru, Farnoosh Torabi. Each day, you get a 30-minute dose of financial inspiration from the world's top business minds, authors, influencers, and from Farnoosh herself. Looking for ways to save on gas or double your double coupons? Sorry, you're in the wrong place. Seeking profound ways to live a richer, happier life? Welcome to So Money.

[00:00:30]

**FT:** Welcome to So money, everybody. Friday, October 6<sup>th</sup>, 2021. I'm Farnoosh Torabi, you're here because it's Friday. That means, Ask Farnoosh. We will be answering people's questions. If you can't hear it in my voice, I am under the weather. So to cut myself some slack, I am going to air a replay. We're going to be hearing some questions that we've gotten in the past. I've noticed that sometimes people ask a lot of the same questions that maybe we've answered in previous episodes. Just this week, someone asked me about how to pick up life after divorce. What are the first financial steps? I think we did answer that recently. So it's helpful to replay these, Ask Farnoosh episodes.

We've done hundreds and hundreds of them, answered over probably 1000 questions at this point. But truthfully, it's about myself care, because I need to save my voice. I need to rest. But I wanted to offer something fresh, something new and just have a little time with you, dedicate some time on this episode to catching up and what is new? Well, I have been knee deep in reporting on this climate feature that we're working on for CNET. What does climate change mean for our personal finances? Now I know that if the world is heating up, and there are hurricanes every Saturday, we have bigger problems maybe than our 401 K's to worry about.

I think it's important to talk about how to prepare for the next storm. If you live in a an area where hurricanes are likely, how to think about retiring? If you're somebody who's looking at Florida and now wondering, maybe not, maybe we shouldn't move to these warmer climates for

our retirement years. What about what's in your 401K? Are you invested in companies that have a plan for climate change? Or are they just going to fall victim? As a result, you'll see impact in your 401k? What's going to happen to real estate? Are people going to even buy houses anymore? These are the questions that I have been keeping me up and probably not great that I have also been under the weather, but here we are, an ask for you.

I asked last week if anybody in the audience had thought twice about moving somewhere because of climate. Some of you wrote in and thank you, those stories will likely get included in my articles. Now I'm wondering, are you somebody who experienced damage in a recent hurricane, flooding, fire, anything climate related recently, where you had to shell out money for the repairs, for reconstruction, increasing your insurance, what have you?

I want to do a quick video where you, if this is you give a first person account of what happened, because of a recent storm. Not to have you relive any trauma, trust me, but it's for awareness, heightening awareness around climate change and letting people know from one person's story what are the realities, the financial realities of say, pumping water out of your basement, throwing away perfectly good furniture, because they have been damaged, bringing in someone to do inspection over mold, because of a recent flooding out. That's where we're at. We had some flooding in our basement in the last hurricane. Not crazy. We were really, really lucky compared to our neighbors here in New Jersey.

Nevertheless, we were gone during the hurricane. So that water sat in our basement for four days until we got to do something about it. It is now October that was August. I am still with my dehumidifier, throwing out gallons of water a day. Clearly there is some moisture to be dealing with down in the basement. Next step is to bring in someone who can inspect for mold and who knows maybe after that we have to completely tear up the floor and I'll keep you posted. If you're willing to share your story, I would love to connect with you. We will do a quick zoom. If you've got photos of the damage, if you have receipts, or any proof of what you paid for say, the inspection or all the repairs that came as a result of that damage.

We'd love to include it I think it'd be really compelling, and you'd really be raising awareness and I would really appreciate it. You can reach me, [farnoosh@somoneypodcast.com](mailto:farnoosh@somoneypodcast.com). You can direct message me on instagram. Let me know that you heard this, and you want to participate. I'd

love to connect. If you didn't get a chance to hear our shows this week on Monday, we spoke with Joyce Marter, who is a psychotherapist and entrepreneur. She's written a book called, *The Financial Mindset Fix*. Do you hear that? That's my lawnmower. I apologize, real life people, this podcast.

Rain, shine lawn mowers, this show is getting done. Joyce Marter is the author of a book called, *The Financial Mindset Fix*. It is all about how to think more positively about your financial life, your current and future life. It's hard given that life is so unpredictable, for many of us in the last two years. It's been anything, but delightful. When it comes to our finances, maybe we've lost our jobs, we've run into more debt, as a result of trying to keep her head above water in this pandemic, and then the subsequent recession. She's the professional, and she has personal experience about how she's overcome her own issues related to money, and also stories from her clients and how they have been able to create financial abundance in their lives when they thought it was impossible.

So if you're interested in a conversation about mental health, and the connection to our finances, you want to listen to Joyce Marter from Monday's episode. Then on Wednesday, we spoke with Tanja Hester, who has been on the show previously. She's a financial expert and early retiree. She's one of the early founders of the Fire Movement. She's the founder of a blog, with her husband called, Our Next Life, an award winning blog. She has a new book out called, *Wallet Activism: How to Use Every Dollar You Spend, Earn and Save As a Force for Change*, very timely as I'm working on this climate package, but she came to the show with so many strategies, ideas on how to not just spend more consciously and align with your values, but how to earn in such a way, and how to invest in such a way. and

Really interesting insights about banking, and where we bank, and how that can actually make a huge difference in the change that we want to see in the world. As always, Tanja was a great interview. So check out our conversation from Wednesday if you haven't yet. There's no reviewer to select this week, because I haven't gotten a review in a couple of weeks. If you want to get a free 15 minute money session with me, strike while the iron is hot. Your review will probably rise to the top on iTunes or Apple podcasts. I encourage you to leave a review. Next week if there are multiple reviews, this time next week, I will pick more than one reviewer to get a free 15 minute money session with me.

So but this week, I mean I'd have to go back to the archives here. I think it's more fun when we pick something that there's been at least in the last month and I have to say, there haven't been any new reviews. Stay tuned for next week. Maybe we'll do a double. All right, thanks for bearing with me. I promise to be fresher, healthier, more myself. All right, let's go to our mailbag. I apologize ahead of time, if you don't hear your question. Stay tuned. I'm saving so many these questions for next week. I got so much. It's great. A lot of good stuff, a lot of different, juicy, meaty questions.

Our first one is from Sam, who says, "Hey, Farnoosh, I love your show. When I was born, my parents bought life insurance for me. I am now 26. I am the main beneficiary. I'm not married, I'm debt free. I have six months of emergency savings. I have about \$15,000 saved for the beginning of a down payment on a home, and I have 40,000 in my 401k at work. Well anyways, the life insurance is worth about \$11,000 now if I cashed it out. I want to eventually use that money towards my house purchase and I was wondering, would you keep it in the life insurance policy or would you cash it out and put it in an investment account??"

All right, Sam. Thanks for your question. So you have life insurance right now. It sounds like it's a universal or whole life insurance policy that has a cash arm to it. That's worth \$11,000 if you cash it out at that point, I'm assuming the life insurance will no longer be valid. You're 26 years old, you're single, you don't have any dependents. I don't think you need life insurance. I think that was very nice that your parents thought ahead and got this for you. I think you can put this money to better work right now.

If anything, if you want to take out a term policy that is something that would be maybe just to replace your years income or salary, you can shop around for life insurance term, life insurance, and like it sounds term it ends after a certain number of years. You get like a 20 year policy, but I think 26 given that you don't have kids or any dependents, it's early to be putting your money towards that. I think there's other stuff you want to be checking off your list. Adding to your 401K. Adding to your savings account for that home down payment. You can prioritize this in other ways right now to give yourself more of a leg up in your mid-20s.

I think having 40,000 in your 401k at 26 is great. I think that's how much I had in my 401K at 26. The more you earn, obviously, the more you can contribute to the 401K. I hope you're investing at least 10% of your salary. I'm giving you my blessing to cash this life insurance policy out. But before you do, please call the life insurance company and understand if there are any fees or penalties or anything that associated with it. I am not a financial advisor. I don't want you to do this without having consulted with somebody who is more experienced in knowing what this life insurance policy is all about.

Maybe have a conversation with your parents. I know you're the beneficiary now, but talking to them about your plans, and where you want to put this money to greater use, just keeping them in the in the loop might be a nice thing to do. After all, they were nice enough to think of you to get this policy out for you and just keeping them involved might not be a bad thing. Good luck.

All right, next is Nadia. She says, "I'm getting out of a toxic marriage and going through a rough divorce. We have no children. While managing this, I'm trying to figure out next steps in life. My major question is, where to move with a fully remote job, and how to determine what I can afford with owning a new house by myself. What factors should I take into consideration in setting up my budget, not just for a home purchase, but running costs as well. Thanks for all your work to empower women. I'm an avid follower of your content."

Nadia, my hat's off to you. Congratulations. What you've just done is extremely brave. Going through divorce is tough, it's more than tough. I applaud you for taking this giant step in your life for reclaiming your independence. You're asking all of the right questions. I would start by first thinking about what lifestyle do you want? Have you thought about any changes that you want in your life? What part of the country or what region of the country might provide this for you? Are you looking for a particular type of community? Are you looking to be closer to friends family?

I often think that when you are starting fresh, starting new, it does help to have something in that new town, new city that grounds you. Whether that's a built in community, whether that's knowing that your best friends just an hour away or knowing that, hey, I'm a nature lover, and where I'm going, it's all about that. I can bike everywhere. There's a farmers market, I can really

quickly get into being a part of the community. There's stuff already there, set up for you to just plug into.

I think change is really important at this stage in your life. I can only imagine you wanting to break from the past. Part of that may mean physically moving, but really thinking about going somewhere where you can start fresh and you can have a clean slate, but if you want that sense of security and comfort and groundedness, what does that mean to you? How can you make sure that that's accessible to you in some way, shape or form there?

That's one of the great things about working remotely, is that you can pick up and move anywhere. I mean, you could go overseas, or you could bounce around for a while. I had a friend who went through divorce. She went to a different part of the country for an entire year. She mapped it out. She's like, I'm going to spend three months in Portland and then six months in Boston, and then I'm going to go to New York. She Airbnb that. That gave her a chance to experience all these different parts of the country that she maybe never really visited for an extended period of time and knew she had friends there. She could have some sure around.

Then after a year or so of Airbnb hopping, living out of her suitcase, putting everything in storage living out of a suitcase, she landed on New York, and I'm not surprised. I think that was awesome. I was just reminded of that and wanted to pass that on to you, maybe that's something that you would be into. Really, you could do anything you want. Now as far as affording this, it will take going back to the basics, right? I don't know if your partner was the one who managed the money in your marriage or was more on top of that stuff, and budgeting and all of that, but of course now you're going to have to do this independently.

I would start with looking at what your needs are. Needs versus wants, right? This is basic stuff. You can look at my very first book, *Your So Money*, for some of the frameworks there, but it's food, housing, transportation, those are the three big buckets to fill. Hopefully your job is offering you, health insurance, but if it's not that's another bucket to fill. Then, thinking about your goals, if I want to buy a home in a year or two. What is that going to look in terms of the down payment and monthly affordability? All of this may not really materialize truly until you decide where you're going to move, and what the living costs are going to be there.

One last thing is I will say is, there are financial advisors out there that have an additional certification. The CFDA, which is, which means that they are a Certified Divorce Financial Analyst. My former financial advisor had this designation, because it is important that you work with a financial advisor that understands some of the unique nuances, say that 10 times fast, the unique nuances circumstances of a divorcee, and rebuilding your financial life, what that involves. Sometimes the communication that needs to take place with your X to get squared away, it's helpful to have somebody in the middle of that or somebody who is on your team to help walk you through all of that.

You can go to XY planning, for example, which is this great website directory of financial planners that are fee only, but some of them also are categorized by this by this designation CDFA, Certified Divorce Financial Analyst. If you need help finding one follow up with me, but you can search this online and you could probably ask around talking to other divorcees, friends who've been divorced is also extremely helpful. I can't speak from experience, but I know that there are organizations dedicated to helping divorcees through this stage. If you are into that, that's another resource. Good luck to you, Nadia.

All right, this next one isn't a question so much, but it might prompt some discussion. It's a listener, and she's just thanking me for Episode 1247. On the penalty of female ambition, this was an interview that I did with Stefanie O'Connell Rodriguez. She was a financial expert and author. Actually, I re-aired it recently, because I loved it so much. It was actually one of the top lessons of the summer. So I re-aired it over the Labor Day, weekend. This person says I'm currently dealing with trauma from a similar experience. This episode helped me feel less alone.

She so here's what happened. She was recently editing an independent feature film for a very low flat rate. She found out she was being paid much less than the other department heads, even though was working on the film longer than any other department. She asked for more money, explained why she deserved it, and then was fired over an email. Then completely gaslit. She says sadly, these were women that fired me. They couldn't believe I was asking for more money, because I was expected to be just a team player, and do the work for the film. It's been extremely painful. Now I'm terrified to fight for myself moving forward. But your episodes help inspire me to keep my head up. Thank you.

Well, I just wanted to share this with everybody, because, one, if you're listening and you feel this, you're not alone. It's, why I did the episode, because I do think and Stefanie is really the one who spearheaded this thought leadership around female ambition penalty. We're told, just ask for more, and speak up. Then there's all these Instagram cute videos that are take out the word just from your email, how to be assertive at work, and lay down the law and get your seat at the table.

Look, I appreciate that information. I appreciate that advice. I think that we should still practice it, but also recognize that we could suffer consequences that we are walking into sometimes a work environment to use this person's words that are traumatic, hostile, sometimes not just hostile, because the men are making it hostile, because the women are making it hostile. This is everyone's problem to fix. I guess it's what Stefanie was saying on that interview. What you're articulating here listener is that it's not you versus them, although it can feel like that. We all have to be in on this together.

One experience is not defining your entire career. You learned from this. I hope that in the next situation, you're going to continue to be vocal. We all need to be talking about this out loud men, women, we need to not let anyone forget that this can happen and it's not acceptable. I just wanted to say thank you to this person for writing in and being so open and honest about her experience. If you're interested in hearing that episode, it was 1247. On September 1<sup>st</sup>, I re-aired, The female ambition penalty. A Conversation with Stefanie O'Connell Rodriguez. I would encourage you to go back and listen.

All right, next up is our friend Carlos. A listener says, "Hey, Farnoosh, how to budget when a large portion of your income goes towards your elderly parents? My mother doesn't have anything for retirement."

All right, Carlos. This is a – I'm glad you raised this. This is a lot of people helping their parents right now. Sometimes you're a member of like the sandwich generation. You're taking care of elderly parents, as well as your own family. Or maybe you're just taking care of elderly parents. Sometimes this is cultural, where it is an expectation that children grow up to then take care of their parents. Sometimes parents they don't plan, they take everything, and they give it to their kid, and then they become 60, 70, 80, and they need financial help. That's why we talk all the

time about why it's important for you, while you can, to invest for yourself for your future. So that when you get older, if you have kids, they're not having to take care of you financially. That isn't become this necessity, this crisis, right?

Carlos, a couple thoughts here, firstly, is there a way for you to reduce what you're spending towards taking care of your elderly parents, while still taking care of them? Are they living on their own? Are they in assisted living? Could they live with you? Could you all move in together? Sometimes, the cost of paying for an elderly parents housing costs is the big issue. In this case, it sounds you're paying for your mom's entire life, right now, and her home and all of that. Are there ways to combine costs? Live together, in that way, you're paying one rent or mortgage, you're paying one utility bill, you're sharing food and all the other stuff.

So this is obviously a lifestyle shift. This may not even be possible, depending on the needs that your mother has, if she has to be in an assisted living situation, but if she lived with you, and still needed assistance, could you hire someone to come to the house and support her? Which you'd have to do the math. Is it cheaper to have that happen versus her living away from you in an assisted living situation where they provide that?

I think, firstly, thinking about how can we shift this arrangement? You're not just writing a check, but you're merging lives a bit. I know, that is a huge ask. I would not assuming that this is even possible, but I'm just putting that out there, because that is one way potentially to bring down costs, but not necessarily to the detriment of your mom. Something to think about, do you have siblings or other members of your family who can pitch in? Could you do a fundraiser? Are there other people in your family that want your mom to be successful, that want your mom to be supported, and doing something for her like a gift raise something like that?

Holidays are a great time to encourage nieces, and nephews, and aunts, and uncles, and cousins, and grandkids to say, "Hey, let's put pull together 15, 25 \$50, wherever we can to support grandma. She has taken care of us all her life, let's give her this nice gift of cash." Which will help to – it depending on how much you raise, it could go a very long way. Could at least pay for maybe a month's worth of housing or any other costs or maybe she needs a medical procedure or if she needs a new piece of equipment in the house to help her get around. That's also something to think about.

Maybe making that gift towards something specific, I think that getting the family to rally behind this is something that I would do. Finally, having a conversation with your mom about the constraints that this is putting on your finances. I do think that honesty is always important and letting her know that, while you want to help and you are happy to help. This is restricting you in some ways. Are there ideas that she has about how she might be able to bring in more income somehow or she can reduce her costs somehow, to make it easier on you and her. Just my thoughts Carlos, I care about you, I care about the situation. I really hope that you and your mom will be able to strike a better balance here. I hope my advice was helpful.

Next, Nicole received a \$50,000 inheritance and doesn't know what to do with it. She's already investing 25% of our income towards retirement. Wow. Amazing. She says "Is it okay to use this money to renovate our house?"

Nicole, well, if you have no other items on your to do list, financial to do list, that you think should take precedence. Things like having enough in a rainy day account, having at least a six month savings cushion where for six months you could pay your bills, if you had no income coming in. Sounds like you're already well ahead with retirement. I assume you have all the insurances that you need with any windfall. It's an opportunity to first I think address the needs that you have the immediate needs, financial needs, and then to look at your want list.

If all of your financial needs are checked off, Nicole, then go to the wants list and if renovating your house will bring you great joy and hopefully you're going to make certain renovations that will add to the value of the home. Start with the bathroom, start with the kitchen, instant appreciation to the home. Enjoy this money and whoever left you this money, I'm sure would be happy to know that it was spent in such a way that brought you fulfillment. These days, our homes, I mean spending a lot of time in them. So, making sure that it is customized to your liking and makes you smile, it's comforting to you. It goes a very long way.

I did a little bit of, I don't I guess you can't call it renovating, but remodeling, I changed some furniture around. I got new paintings in the last year. It was a nice project to have. It was a nice experience, if I can say nice and wasn't did not involve plumbing and electric and all that stuff or breaking walls, which is a whole other potential situation. I liked the distraction of thinking about something that wasn't about work or about the pandemic. So choosing a project, like renovating

a house, it can bring you financial gain, potentially. Adding value to your home, it could bring you great joy in your life. It's a cool experience, sometimes to go through that and feel very proud at the other end of it. So, yes, Nicole. You have my blessing. If you feel all of your financial needs are being met.

All right, last Jeffrey says, "I'm happy in my job. My fiance hates her job. She's a project manager. Obviously transferrable skills. She has mentioned leaving her company, but never seriously considers it. We have all our ducks in a row. Even if there was a salary hit, we'd be fine. I'm wondering what I should do? At what point do I need to go from whatever you want to, I think you should seriously consider a change, or is that never my place?"

Oh, my gosh, Jeffrey. I went through this with my husband many years ago. We just got married. I remember there were consecutive months and then those months became years of my husband bemoaning his job. At first it was like, "Oh, I don't like my project." Then it became like, "I can't stand my boss." Then it was like, the totality of the job was just slowly chipping away at his soul. It was definitely weighing on the relationship. I do think it is your place to step in and not push, but really encourage, try to encourage and also to reframe the situation.

Sometimes when we feel like we're in a job, we've talked about on the show. You have to stay in the job, because we should just be so happy to be there. We feel sometimes or this idea of quitting it signals that maybe we're giving up. Culturally, maybe that's not how we were raised. We weren't raised to be quitters. So quitting a job is putting us in this loser bucket. You don't know what's going on. I think it's important to really explore this with your partner and be like, what is keeping you from making the jump? What are you afraid of? Because we've got the financials intact, you we can afford for you to be out of work for a while to figure things out.

That could be something that's missing that she just needs to hear and really see to like showing her the numbers could sometimes really make a shift. I remember distinctly, it was my husband's birthday, I think he was turning 35. We were at dinner. We got to talk about work, obviously. He was not happy. He was saying work stuck, work sucks, blah, blah, blah. I was like, "Okay, you've been talking about how you don't work. I just want to say that if this time next year, you are still on this job, and you still are unhappy. It is not the jobs fault." That was a little abrasive maybe, but I felt it was time for him to hear that from me. Someone who wants him to be happy, who is recognizing something in him that is that has yet to be turned on.

I don't know, it was like sometimes you just need that spark. Sometimes you do need that push. Sometimes you need that vote of confidence too, and in that conversation and that same breath we talked about – I talked about how we could afford for him to go and maybe take some courses to reroute his career. If that's something that he wanted to do, that we have options that if he's feeling stuck, don't let the job be with a reason he's feeling stuck. It's not the jobs fault. The job is saying all things but stay.

The job is every day telling him to leave and he is choosing to stay, that he is now making a choice to stay. I understand that it is a privilege to be able to quit your job and I was reminding him of that privilege. I was like, you have the privilege, you have the right to leave, so take it advantage of it. Use it, don't lose it. So, I feel you Jeffrey. I was you, not so long ago. I think you do have a place here to be encouraging, to remind your partner that you have security and to maybe show them what the options are, go explore together. I do think that this is really emotional for some people to quit for any host of reasons, so maybe getting to that first would be a way to move forward. Good luck to the both of you.

All right, that's a wrap everybody. We have tons more questions we didn't get a chance to address. So make sure you are hitting that subscribe button, and you will not miss future episodes of So Money in particular, Ask Farnoosh, where I'm going to hopefully tackle your question if you didn't hear yours this week. Thanks so much for tuning in everybody. Thanks for gathering with us here and I hope your weekend, happy weekend is so money.

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