

**EPISODE 1280**

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[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.

[00:00:56]

**FT:** Our guest today wiped out over \$200,000 worth of debt in a very short period of time. Welcome to So money. I'm Farnoosh Torabi, it's great to have you here. Our guest is Cindy Zuniga-Sanchez. She is the founder of Zero-Based Budget where she is committed to helping millennial women, particularly women of color create a realistic money plan to achieve financial freedom and her strategy is a personal one. After graduating from law school in 2015, with \$215,000 worth of debt, Cindy committed to becoming financially literate and taking control of her finances.

In 2018, she launched her social media account on Instagram, Zero-Based Budget to document her debt payoff journey and simplify personal finance concepts. She was still an attorney and on the side sharing her financial narrative. Fast forward to today, she is debt free. She has set aside her law profession and she is going full steam ahead with Zero-Based Budget, a community of 10,000s of followers. Cindy speaks annually to thousands and coaches hundreds on budgeting, saving, debt payoff, investing and building generational wealth.

She's been featured in Forbes, Good Morning America, the Rachel Ray Show, Cindy shares the step by step of how she got out of that six figures worth of debt, the importance of giving back as a daughter of immigrants and much more. Here's Cindy Zuniga-Sanchez. Cindy Zuniga-Sanchez, welcome to So money. Zero-Based Budget. I love it. Welcome to the show.

**[00:02:29]**

**CZS:** Thank you, Farnoosh.

**[00:02:30]**

**FT:** Once in a while, it's important to touch base with a real-life story. Somebody who triumphantly conquered Hundreds of thousand of dollars worth of debt, it may seem impossible. You did it, in about two years.

**[00:02:44]**

**CZS:** Four years.

**[00:02:44]**

**FT:** Four years. I'm sorry.

**[00:02:46] CZS:** Two years, would have been great, but no, it was four years.

**[00:02:51]**

**FT:** Well, still a triumph. We should say most of this was a law student debt, law school debt. A lot of people still saddled with way too much debt, whether you went to law school or business school or medical school, or even just got an MFA in creative writing, which doesn't mean nearly pay what lawyers earn. Let's maybe start from the beginning. Cindy, you are born and raised in the Bronx, for a woman to leave the Bronx to go to law school, daughter immigrants, pretty spectacular, and everybody was proud. Tell us what drew you to that.

[00:03:24]

**CZS:** I mean, I have a very typical daughter of immigrants story. My parents were born and my mom was born in Ecuador. My dad was born in Honduras. So both Latin-American immigrants that came searching for the American dream, right. The very typical story of we're going to go to New York City, we're going to work hard. Always their vision for the way out of poverty was education. That was a non-negotiable. So what they did invest, my parents didn't invest in much in terms of like stocks and what we typically think of investments in our time, but they invested in our education.

So we were, my sisters and I were raised in a very low income community in the Bronx. Our public schools, unfortunately, weren't the best. So where my parents invested was our education. They sent us to private schools, well Catholic schools here in our neighborhood, because they really wanted us to get the best possible education as that was available to them. So going from all of that from Catholic private school in the Bronx to then college I thought, well, I want to be a doctor, right? Who doesn't want, what child of immigrants doesn't want to be a doctor to make their parents really happy. Then I realized I can't see blood, that's not available to me.

I quickly decided in college an internship at a hospital that's just not going to happen. What's the next best thing? Law, and that's really how I stumbled upon the legal profession but ironically enough people they think I went to law school, because I wanted to be an attorney. I actually didn't. I went to law school, because I wanted to be a politician. I wanted to run for office and I wanted to be the first Latina US Senator. Thankfully, we do have our first US Latina senator who is from Nevada. She won several years ago. Catherine Masto, so that's amazing that we have that. I digress.

That's the reason why I wanted to go to law school, because I wanted to run for office. But then I went to law school I decided to attend. I realized that there was just this whole other world available to me with a legal degree. One of those was to go into private practice, to go into corporate law, to go into litigation, which is actually what I want to doing. Even though I didn't

get to check off the, my daughter's that Dr. Box for my parents, my parents were able to say, "Well, my daughter is a lawyer." My parents are very, very, they were –

**[00:06:03]**

**FT:** They pretty understands the work and the smarts that go into becoming a lawyer, and then the success, the financial success, however, it's suiting your financials, this was not a inexpensive route, right? It was Hundreds of thousand of dollars. Why did you think it was okay to spend that much money on a law degree? What were the conversations maybe you had or didn't have with your family ahead of that?

**[00:06:24]**

**CZS:** When we knew that the only way that that was going to happen, obtaining a law degree was scholarships and debt. That was the only way. We didn't have any money saved for college or even more for law school, which is way more expensive than college. I went to a public university here in New York. So I graduated undergrad with only about \$10,000 of debt. Not a lot when we're thinking comparatively, but then to go into law school I was going to take on a lot of debt. It's funny, because people look at how much debt I took on, and they don't realize that I actually was given a half tuition scholarship to law school.

Even with that, I still had that much debt. So the way the conversations looked like, was a conversation of acceptance, acknowledgement, just knowing that that was going to be the costs associated with the degree, but knowing that that investment would be worth it. It would be worth it, because I wanted to pursue, especially once I was in law school. I knew that I wanted to pursue a lucrative career in the law. Thankfully, I was able to do that. I was able to go to law school, get connected, get the grades needed to land a job at a top law firm in the city. That's what I did.

I won't say, however though, that going to law school is always worth it, because that would be a lie. That would be a lie. I was really passionate about what I wanted to do, what kind of law I wanted to practice, once I got that exposure to the different types of fields that I can go into. So I will say that for me, it definitely paid off financially. But also the important part that we also do

need to discuss is just the fact that I will always have my law degree, I will always be a lawyer while a practicing attorney, if I keep my certifications up, and all of that. I will always have that. I think that that's something that's invaluable.

I will say that there is a high cost associated for law school and for me, yeah, like you mentioned that. I graduated law school with over \$200,000 of debt and 90% of my debt was strictly law school.

**[00:08:40]**

**FT:** Right. That was much better, because you had gotten scholarships and other directive free money, \$200,000, which is a small mortgage in this country. You said that you fell in love, or you looked at corporate law as a path out. That seems to be the only lucrative path. If you want to be a nonprofit attorney, if you want to work in government, as an attorney not as lucrative, like taking out hundreds of thousands of dollars' worth of debt, that calculus, it doesn't work, at least not in the short run.

**[00:09:11]**

**CZS:** Yeah, going into the public sector. I will say something that at least for my friends, because I have plenty of friends that are in the public sector, they're in Public Defender's offices, DA offices, other parts of government, nonprofits. For them, really the biggest opportunity there is the Public Service Loan Forgiveness Program, that is what they're counting on, wholeheartedly and that is what while we were in law school, that is what they very specifically said is the reason why they're pursuing those paths. It's because of this promise of public service loan forgiveness.

I mean, it's obviously there are many mixed opinions on that what I personally think it's a very flawed program, which I hope works, it should work, it's supposed to work. But, yeah, I mean, it's terms of well, how are your friends that are in public service dealing with it? That's how, anything on that program.

**[00:10:06]**

**FT:** Along the way, you decided that you wanted to be aggressive about getting out of debt? What was that moment and at that point, were you considering continuing to stay in the law field, or were you looking at maybe an avenue out, once I'm debt free, I'm going to get out of this.

**[00:10:25]**

**CZS:** Very quickly, I realized that just a couple months after I graduated law school that I was on at least a 10-year path to repay my student loans, my minimum payment was \$2,000. After graduating, I thought to myself, "Okay, so I have to do \$2,000 a month for the next 10 years in order to repay my debt." So if you're doing the math, that's about \$240,000, just on my law school loan. So I decided to refinance, my aha moment was really when I realized after a year or one Farnoosh, I paid \$24,000 obviously, right 12 months times \$2,000 minimum payment. I paid \$24,000 to my student loans, \$4,000 went to the principal, \$20,000 went to the interest.

That to me was my aha moment, it was more of my aha moment for I need to get financially literate, not just I need to do something about this debt, but I need to do something about money. You see, I had my law degree, very prestigious, very shiny, all great on paper. I didn't know the first thing about money. I didn't really know how to manage my six-figure salary, as a corporate lawyer. I did not know how to manage my six figure debt, as someone who had just graduated from law school.

So for me, that was the critical moment, when I realized just how much money I had been paying towards interest that I realized I need to get my financial house in order. I decided to refinance my student loans. For me, that was the right reason, just because I knew I was in the same the private sector and to be perfectly candid, I had envisioned staying in the private sector for a very long time. I was very happy, I was happy at my job, I was happy at my firm. But after six years, I left I left in May 2021, because I wanted to pursue my business, pursue what I had created along the way, which just came about very organically.

It's not something I necessarily wanted to create as a business, it's just something that I used as an opportunity to share my story and share how me the daughter of immigrants from a low income neighborhood in the Bronx managed to, not just pay off my debt, but become financially

literate. So I did leave eventually, I did leave my firm after six years, but that was not at all the motivation for wanting to get out of debt was well, I just want to leave my firm. Now, that is the motivation for many.

For me personally, it wasn't the true motivation behind my wanting to get out of debt was being able to support my family. Being able to not throw all these payments at my student loans, but rather being able to cover my parents cable bill, being able to cover my parents medical bill, if they needed or just their emergency flight to Ecuador to see my uncle that's having health issues, which is exactly what I did just a couple of months ago. That was the real fuel to my wanting to get out of debt.

**[00:13:33]**

**FT:** You've touched on so many important points here. Everything from the way you prioritize your money, which we don't talk a lot about how a lot of times, children of immigrants behind the scenes, their supporting family. Not something that the average person is certainly has to do or wants to do. You also talked about this accidental falling into this new career path is being a voice for people and educator on personal finance.

Going back to though, how you got out of debt, that \$2,000 a month payment, even on a six-figure salary, living in New York, I know that that is difficult and probably exceeded your rent. I'm going to guess, right?

**[00:14:14]**

**CZS:** Oh, yeah.

**[00:14:15]**

**FT:** Your most expensive bill every month. How did you scrounge together the money and how did you level up you were obviously, you're doing much more than 2000 a month?

**[00:14:24]**

**CZS:** For me I really had to sit down and create a very detailed budget. I know people, they hate the word, right? It's oh my gosh, it's so restrictive, it's so boring, we don't want to talk about budgeting. But the truth is, that is how I did it. I needed to sit down and look at my monthly income and realize, "Okay, where is all of my money going?" I realized that I was doing a lot of frivolous spending, but you know, what, 26-year-old isn't guilty of doing that. I realized I just needed to create a plan for it. Exactly how much am I going to be able to throw to my debt? How much extra can I throw to my debt? I am a big fan of the Credit Karma Debt Repayment Calculator, NerdWallet also has a really good comparison tool where you can calculate how much faster you can get out of debt if you throw, let's say, an additional \$200 payment to your credit cards, for example. I think that's a really helpful resource that I use along the way. I encourage my community to use it as well. That's what I did, I looked at, "Okay, where is all of my money going?" Most of my money was going through my student loans. I mean, I'd say easily 50% of my monthly net income was going through my student loans, my tax refunds, my bonuses.

My bonuses were pretty healthy. Sometimes I had well, after taxes, right, because bonuses get taxed quite significantly. After taxes, I would easily get \$10,000, where somebody else could be like, "Oh, wow, I'm going to spend this elsewhere." I would throw that to my student loans. pay increases throughout the four years, that was that I was paying off my debt, I was still living off of less than my first-year associate salary. I was a fourth-year associate living on less than a first-year associate salary, because everything extra, I was aggressively thrown into my debt. So really, what it came down to the two big core elements was a careful and thoughtful monthly money plan. Those additional payments.

**[00:16:25]**

**FT:** Must have been hard, though. I can only imagine temptations lurking all over New York City. How did your friends and family, I mean, did you involve them in this? Because I think you need some times that rallying behind you?

**[00:16:39]**



**CZS:** Yeah, I did. I told my parents what I was doing, I told my sisters, my friends, and thankfully, everyone was really understanding and even living here in New York City. My friends, they never hesitated when I say, “Hey, can we do this, really low-cost performance instead of going to maybe a higher more a higher ticket item?” Or for restaurants, I was a big fan of New York City Restaurant Week, where you could do the \$30 special and get a really nice meal at a restaurant, instead of spending potentially hundreds of dollars.

So I was just very open, I was very open about it. I found that with me being open about my own story. Even though my friends weren't doing it, my family surely wasn't doing it. That invited people to tell me about their own stories and about what they were dealing with when it comes to money, because everyone is, everyone is. Especially where I was in life where a lot of my friends were recently graduating from medical school, from law school, other grad school programs, and we're all in this weird stage of life where it's like, “Okay, we have our big girl job now, but we also have a ton of damn, we live in one of the highest cost of living cities in America.”

So I think that we had this, this silence that was occurring when it came to money. When I spoke about it, and just very honestly, I think that just invited the opportunity for conversations, which I think was a relief for a lot of people.

**[00:18:16]**

**FT:** Yes. I'm sure kept you a little bit more accountable to your own goals, because you're putting it out there. Did you have to sacrifice investing or saving during these four years? Did you stop that? if you did stop investing, do you wish you hadn't, because maybe the returns would have been greater than the interest on the loans.

**[00:18:35]**

**CZS:** My first two years of repaying my debt, I wasn't investing, because I didn't know what investing was, honestly. I was not investing in anything. I had gotten paperwork saying about this is your 401k. I was like, I don't know what those letters mean, I'm not interested in those letters and numbers. I have no idea what that is. It's not my dad or mom was saying, “Hey this is

what you need to invest in.” No, I wasn't having those conversations. So that's the reason why I wasn't investing. It wasn't until I stumbled upon the personal finance community, when I decided to refinance my student loans, which was in year two of repaying my debt that I realized, oh, wait, this is really important. I should prioritize this.

So in year three of repaying my loans is when I did decide to open my 401k and I decided to I actually decided to max it out. That was a big priority for me. I was like, “Okay, yeah, this is it. I'm going to make it work. I know my paychecks are going to be a little smaller, but it's okay. I'm going to be strict. I'm going to be very intentional with my money.” I was on a very, very strict budget, as in \$50 for personal spending. As I'm inching closer to that by the end of the month while then no one invite me anywhere, because I'm just not doing it, and look, I understand some people could be like, “Oh, wow, that's really restrictive.”

I was just really passionate about getting that loan balance down. Investing like that's something that I was going to prioritize. I was saving, I will say that. I was I was saving just from early on, because I knew that I needed to have something to fall on just in case. But investing, yeah, that's the reason why I started a little more into my repayment journey, is just because I didn't know anything about it, at least for the first – yeah.

**[00:20:30]**

**FT:** Well, then you started Zero-Based Budget, which we you started as a way to, as you described, document your own journey, bring others along initially, just an audience of friends and family. Now, it's got tens of thousands if not more people coming to you on Instagram and your website and you speak and all the things. When did you decide that, that was the new frontier for you, and that you were going to put the law career aside?

**[00:20:58]**

**CZS:** I started ZBB, because I had friends and family that were just approaching me like, “Hey, can you help me with my budget? I want to pay off my credit card debt.” I was like, “Yeah, sure.” I wasn't charging them anything. This isn't something that I wanted to start as a business. I never considered myself an entrepreneur. I was very happy working for someone else. I truly. I

know, that's controversial, especially in this society where we praise entrepreneurship and be your own boss. I was like, "I'm very happy working for someone else, actually." I truly was.

Then I started realizing, I think it was in 2019, which is when I officially file for my LLC, that this could be something that could be very helpful to my community, my community mainly is comprised of millennial women, but specifically millennial women of color, and that was always very important for me to be able to talk directly to my community. I was like, "Yeah, sure, I help out what their budget." I'll look at how things are going. They share with me their numbers of their debt numbers, and things that. So I was doing that on the weekends. I do one or two, one on one coaching sessions, and then little by little schools started inviting me they had heard of me, because of my social media or I had a Good Morning America featured my story, when I paid off my debt, and other publications started featuring my story as well.

So then we had organizations, universities, requesting that I come to speak to their students to their employees, because the way I speak about money is very authentic to just meet to how I learned about it, to how I wish someone had taught me about money. I realized early this year in 2021, I realized that there's a lot that I have to say and there is a big community that I want to serve. It was still is, probably one of the hardest decisions I made in my life to leave my law firm to pursue my business, because I mean, for many reasons, it was incredibly scary financially.

My pay went from, let's just say from a lot to very, very little, okay. It was just, the whole idea was scary, but the idea of growing and growing in a way that would benefit my community was what excited to me. That's ultimately what just gave me the nudge to go for it.

**[00:23:30]**

**FT:** Did you have savings? What was your financial runway when you decided to quit?

**[00:23:36]**

**CZS:** Yeah. I'll give actually specifics. I had what I called a sabbatical fund. I saved the money in a sabbatical Fund, which I could draw on monthly for at least a year. It would be enough to cover me for at least a year, in terms of like, if your business doesn't make anything, could you

at least any from your part I live with my husband. So we definitely share in our in all of our expenses, but I still want to be able to contribute my part for rent, groceries, utilities, etc. So that is what I save for, I saved separately a sabbatical fund in terms of health insurance, which is obviously a very popular question that I get.

Thankfully, I was put on my husband's health insurance. I already had, we already have our family emergency fund, which is a separate completely savings fund. I did make sure to max out my 401k for 2021, by the time I left my firm in May. I made sure that, I maxed it out, because I wanted to at least have that. Yeah, I think those are probably the few things that I looked at, in terms of for my actual business itself. I looked at how much have I brought in, how much can I reasonably expect to bring in the lowest reasonable amount and what that is, that's the sustainable.

So I looked at various things to be very honest. I mean, last year my business revenue was about \$40,000 which I was super proud of. I was just wow, this is amazing and year today, I've more than tripled it. So that's just the little things that I'm realizing that if you put your time, your effort into it, you'll watch it grow, you'll watch it scale, it's easy to compare to other entrepreneurs in the space. I'm doing it on my terms, so I'm happy with the, very happy with the growth that I've been able to have this year so far. We'll see what next year brings.

**[00:25:42]**

**FT:** Yeah, congratulations. I'm just glad you didn't start this like pre-pandemic, only because then maybe you would have been discouraged. Can you imagine starting a business in February of 2020?

**[00:25:53]**

**CZS:** Had everything cancelled.

**[00:25:55]**

**FT:** Unless you were in like the food services, online food services, business or something or health care. This is your moment to really get out there. It's nice to see that the community is getting bigger as far as thought leaders and experts from all walks of life. I always say the more the merrier the more important, because to your point, it's not about what's the definition of a 401k you can Google that, it is who is telling me this story. Who am I being inspired by?

You see someone, like you doing it, then maybe it gives you the inspiration and the, okay to go ahead and follow in your footsteps. We do things because we see others who look us, who remind us of ourselves. That's why we're inspired. What are your parents thinking? Are they bombed a little bit? My parents to this day, I don't know really how to tell people what I do.

**[00:26:52]**

**CZS:** I was honestly, I was very, very nervous to tell my parents. I cried, of course I cried when I told them just, because I felt like am I letting them down. Am I killing this part of their dream? Thankfully, my parents are my biggest supporters. Anytime I'm featured in an article on any type of media segment, just I'll send them screenshots of my flyers for my events, like my master classes or workshops, and they save it onto their camera, and they send it to their family and friends. They're so proud. I think they're really, they're happy that I'm happy. They're happy that I'm happy and thriving where I am.

They know that I'm still a lawyer. I still have my degree. I have not abandon the legal profession completely. I know a lot of people they asked me that, do you see yourself returning to practice? The answer is, yes, actually. I loved practicing law. I love advocating for my clients. I knew I was a great advocate for them. The representation also of Latinas in the legal field is severely lacking. So being able to be a part of that is great, too. But for me for right now, for this chapter of my story, this is where I'm able to thrive and so I'm going to just go for it and to be able to have my family support, even though sometimes it's a little hard for me to explain, like social media to them and speaking virtual speaking engagements.

It's a little hard for me to explain sometimes, but they know that I'm excited doing it. They're happy and I've been featured in a Spanish media as well like, Telemundo **[inaudible 00:28:38]**. They're like, "Oh this is great. She's speaking in Spanish. She's talking about money. She's representing us." That's also been really impactful.

**[00:28:50]**

**FT:** Well, they're obviously so proud and I'm proud of you, can I say that? It's so heartwarming to see that you are thriving and you personally have been successful and you're helping so many other women be successful. Cindy Zuniga-Sanchez. Thank you so much, everybody the website is zero-basedbudget.com. You have a ton of followers on social media. I'm going to need a lunch so you can tell me how you're doing that, because that's something that I need to learn.

**[00:29:16] CZS:**

**CZS:** I hope too.

**[00:29:18]**

**FT:** Thank you so much.

**[00:29:19]**

**CZS:** Thank you, Farnoosh. I appreciate it.

[OUTRO]

**[00:29:23]**

**FT:** Thanks so much to Cindy for joining us. Check out zero-basedbudget.com her website and on Instagram @zerobasedbudget. Send me your questions for Friday's episode of Ask Farnoosh, it's not too late. Direct messaged me on Instagram or email me Farnoosh@somoneypodcast.com. Thanks for tuning in and I hope your day is So Money.

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