EPISODE 1335

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FT: So Money is brought to you by CNET, the site that shows how to navigate change all around us. So Money episode 1335, all things women and investing, with wealth advisor Rosalyn Glenn.

[INTRO]

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FT: Welcome to So Money, everybody. It's Ask Farnoosh Friday, March 25th, 2022. We are wrapping here our month-long Friday series, where in honor of Women's History Month, we are dedicating the Ask Farnoosh episodes to supporting women's financial independence. Thanks to our partner, Prudential. We've had on some fabulous expert guests to navigate meaty topics like how to build financial resilience, how to plan for your future, how to navigate life insurance. Do you even need it if you're not working, if you're a stay at home parent, if you're a single woman? How to prepare for retirement was last week.

Now, today we're talking about all things investing. Our guest is Rosalyn Glenn, who has over 30 years of experience, helping clients reach their fullest financial potential. She is the President and CEO of Destiny Wealth Advisors & Consulting. She works with individuals, businesses, churches, and nonprofits in developing strategies to ensure their longevity and sustainability. She's also a representative of Prudential Financial Planning Services.

On the show, Rosalyn and I talk about the female investing gap. Why does it exist? What can we do about it? By the way, why women are better investors, how to begin investing in stocks. Not just your 401(k) but actually in stocks in the market, opening up a brokerage account. We've got many of your investing questions that came in throughout the weeks to answer. By the way with his collaboration with Prudential, there is a new, fantastic hub, where you can get more of these insights. If you go to prudential.com/somoney, you can check it all out there. So without further ado, let's get the show going.

[INTERVIEW]

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FT: Rosalyn. Glenn, welcome to So Money. Happy to have you here.

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RG: Thank you so much for having me. I'm looking forward to this conversation with you today.

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FT: I can't think of anything more important sometimes to talk about than women and investing. The only way to really grow your money is to invest. Last week, we spoke about retirement as one goal. We often encourage people to invest towards that because a long-term goal, and we covered a lot of that. So if you missed that episode, be sure to go back and listen to my conversation with Lucy Chamberlain from Prudential.

But today, Rosalyn, really looking forward to expanding on that topic of investing and talking about all of the different ways that women can invest, should invest. Before we get to that, and we've got some listener questions, let's do some table setting and just maybe give our listeners a sense from where you stand as a professional financial planner. Why is there an investing gap with women? We know this exists, and I have some thoughts on why it exists. But we'd love to hear from your perspective.

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RG: I think the biggest one has to stem back to that whole wage gap with women. All of this is connected in one way or another, right? Women are more likely to be out of the workforce for some period of time, whether it's to care for children or to care for aging parents. So we don't have the same length of time that men have as it relates to investing. The other what I think is a strong issue is that women, even though statistics show that when women invest, we make better decisions. We earn more, own our investments over time. The lower wage gap and the lack of confidence kind of causes us not to invest on the same level as men. So gender gaps, career advances, less income over time, all of those things I think add to us not being or to society's thinking of women as not being investors at large because we don't do it as much as men do.

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FT: Yeah. I'm looking at a study that Prudential did not too long ago on this confidence gap that you touch on. What is contributing to the confidence gap other than, of course, the fact that I always say, as women, we haven't been invited into this financial world of ours for quite – I mean, we're kind of new to it, relatively speaking, right? We weren't even allowed to open up a credit card without a man cosigning for us. In this century, let's just say. It was in the **[inaudible 00:04:57]**. So we're playing catch up to some extent, and so you have to assume that there's going to be these growing pains and maybe these confidence gaps. But what else do you see contributing to a confidence gap?

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RG: Well, I think it's more with women in particular, we are less likely to have the time to do the research. When we're sure of things, we can move forward full speed ahead and making things happen. That's what we do as women, right? But when we are not as sure about it, we have to kind of step back and take a look at it. As it relates to investing, the key to investing, from my perspective, is to do it as early as you can, to do it as consistently as you can for as long as you can. When you do that, in my opinion, you're always going to outpace the market. So with the getting started piece, and women just don't take the time to kind of get started because we always think, "I have time. I'll do that later. I'll get to it."

But then it sets us back in terms of the investment strategies because the key is to do it as early as you can, as consistently as you can, for as long as you can. When we speak to the investment piece or the confidence piece, which I think is what you asked specifically, I think is just more of because we don't know what we don't know, we don't always trust the resources that are available for us to know because this industry that we're in has been, I'm going to say, dominated by men. We don't have people like us to talk to, and so we don't make it a priority.

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FT: Right. So what I'm hearing from you is that the key to investing successfully, timing, consistency, trust. I didn't hear it all. You have to be an investing genius. I have to say that, for me, at least, that was a little bit of my block in the early years where I thought I had to have all of the answers before I could invest because, well, this is a risk, and I need to do all my homework, and I'm a very studious person, and I do all my research, Rosalyn. So it's comforting then to hear that you don't have to have all the answers. I think that says something about the confidence gap. Whereas I think there are some folks out there that pretend they have all the answers, and they know everything about investing, and we consider them the pros. That can be intimidating for a first-time investor.

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RG: Absolutely. Absolutely. I'll say I've been in this industry, the financial industry, for 30 years. I've been with Prudential for the last 10 of those years. As much as I like to present that I am the end-all and be-all and know-all, the truth of the matter is none of us can ever know everything, right? With the amount of mutual funds that are out there with the amount of investments that we get to choose from, that is my shameless plug for saying you have to work with a planner or an advisor who can help you sort through all of that. You are not supposed to know.

I tell my doctor clients and my lawyer clients, I can never come in and do what they do the way they do it, right? I don't know the differences. However, when we talk about money, when we talk about what is available to us, I am licensed to know that. I have to have training to know that, and so I spend my time learning that, and I help my clients to sort through what is necessary. How do you reach your goals and objectives because it's relative to the individual?

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FT: Well, we're going to get to some listener questions, which are very personal, and we're going to answer some individualized questions. But before we kick it off, Rosalyn, please give us some insights into what encouraged you to either begin investing or dedicate your career to helping individuals, in particular women, build wealth through investing?

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RG: Well, my interest became because I am a woman, right? I actually had the privilege of working with my church some years ago, actually back in 1991, to open up a small credit union, and working with the folks there in the credit union, and the members of the credit union sparked an interest in me to say, "How can we help you learn how to budget? How can we help you learn how to save?" We did those things. Then once we get to the savings piece, the next step, of course, is investing and protecting your assets and that sort of thing.

I do have a very strong interest in women. I have seen because historically men have been breadwinners, if you will. But the challenge is women live longer than men. So ultimately, women end up having to manage the resources. In this day and age, as we are, we are as women being the bread winners, right? We are the high earners in our homes. So we have to have a different mindset about how we manage our household. That's what kind of sparked the interest for me and has kept me interested because I want women to feel confident. I want us to feel and know the contributions that we can make.

Women particularly are more disciplined savers. We're more purposeful in how we manage our money. We do better things with our money. We support our community more with our money. So I just think that as women, we have to know and understand money and how it works in order to contribute to what I'd like to call a better world, right?

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FT: I say that all the time. When women make more, the world becomes a better place. I want that on my gravestone. Well, so as I mentioned, Rosalyn, last week, we dedicated the episode to retirement savings. Before we kick it off, like when should women start to invest above and beyond for retirement? I often think of that as the primary long-term savings goal. Assuming you max out your 401(k) at work or your IRAs, is that when the natural next step is to look at like a brokerage account or alternative investments?

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RG: I think you do that as soon as possible. I have some young clients who, as soon as they get their first job, we are talking about opening up a brokerage account. Yes, you should be contributing to your 401(k)s, particularly if your company is matching. Yes, you should have you Roth IRA. All of that is absolutely possible, and you should have it. But you should also have what I call an emergency account. Just as a rule of thumb for myself, I say to my clients, “You need to have one to three months in easily money market accounts.” Then once you get that three months of your living expenses there above that, we need to be putting the rest of that in some type of brokerage account, depending on what your goals and objectives are.

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FT: All right, let's go to the mailbag. There's a bunch of questions here. I'm going to start with Rockies, who DMed me on Instagram. Her question is really about the mechanics, the how to invest. She says, “I'm looking to invest. Should I pick a self-investing account or a robo account?” In other words, an account where she goes in and picks her stocks and her funds or a robo. Or I always say like a digital platform that prompts you with questions about your risk tolerance, your goals, your time horizon, and then picks a basket of investments for you, automatically gets you started. I kind of like the latter because I'm lazy, and I also trust the algorithms. What do you think about that, Rosalyn?

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RG: I do agree. If that is your method of choice because you have to – There has to be some method as to why you do what you do the way you do it. But I'll also say that I am a strong component of talking with someone who knows the business. What the algorithm can't do that a human can is to know and understand clearly what your goals and objectives are because you should be investing based on what those things are. For each one of those, how you invest, the risk tolerance for what you invest, may be different.

I am a strong proponent of why everybody needs to be speaking with a financial advisor because, at some point, you are going to need that assistance, no matter what level of income you are on. Yes, to your point, the robo investors, that is a way. But I say you have to tread lightly there because if you don't understand yourself, and you don't understand what investing really is, you may select something that's very aggressive and then lose it and say, “Well, this was for my retirement.” When had you spoken to somebody, we might have advised different.

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FT: Right. You’re right about that. I made the mistake once of going on myself and opening up an account, not realizing it was an IRA. I didn't want a retirement account. I just wanted a plain brokerage account, and here I am locked in for until 59 and a half. I can't touch this money without penalty. Ideally, yes, maybe a robo advisor where there are lower fees but is also assigned you a human. Not even so much for like the questions of what is this or what is that, but I find that sometimes the real value in working with a person is that human touch point, right? That person who can listen to you and provide an empathetic response, which, again, technology, for as much as we love it, we haven't perfected that part of it yet. I hope we don't because that would be really scary and weird.

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RG: I agree.

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FT: All right. So I hope that helps Rockies and others listening. Sarah has a question about what. Okay, so I've got the investment portfolio. I've opened it up. Now, what am I investing in? Where should I begin to choose these investments? Particularly in her case, she's interested in individual stocks. You didn't recommend individual stocks at this point, or are we just talking funds these days?

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RG: Well, I think you can diversify your portfolio and have a combination of mutual funds and individual stocks. When you start looking at individual stocks, I always say to my clients, “Look at the things that you support, the places that you support, the things that you buy so that you are investing back into yourself.” So if you shop at, I don't know, Target a lot, maybe then you look at buying Target stock because when you're shopping there, then you're increasing your own value. Maybe there's a specific company that you actually support because you like what they're doing. It matters. It’s the value. It brings value to you. That's kind of where I start with telling my clients who want to do the individual investing.

If you're really into investing to look at what the future, invest into the future, just be clear and make sure you understand what you're investing in before you do it. Do your due diligence, whether that's working with someone to help you do your due diligence, or whether you are the researcher naturally yourself. Whatever you invest in, make sure you do your due diligence to understand it and know how you're going to get your return.

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FT: I say never invest in anything you don't understand.

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RG: Absolutely.

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FT: I think there are a lot of people in crypto that don't get it. But that's another day, Rosalyn. But thank you for your thoughts on that. Earlier we were talking about the confidence gap, and Anne has a question related to that, where she says, “I think I have enough money on paper. This includes investments, but my financial anxiety never goes away.” This idea of like what is enough I think comes up in our lives from time to time. What would you say to her if she was in your office?

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RG: I spend a lot of time answering that question, and not necessarily answering it but asking the questions that helped my clients answer it for themselves because it is relative. What you need to manage your lifestyle and your household is totally different from what I need to manage my lifestyle and my household. So we ask the questions to help people to come to the level of what is important to them. Because what is enough is answered when you know what is important to you.

If it's any consolation, I don't know that you ever get to a sure, “I've got it. It's all right. This is enough. I'm on this right track,” particularly us as women because we are always thinking about what the future holds, and we are always looking ahead. So give yourself some grace, but we cannot be worried about money. I think that as an advisor, because of what society and how we have attached our self-worth to our net worth, it causes anxiety. So getting to a comfort level about who you are as a woman point blank period as a person, getting to that helps you get to a comfort level when you start talking about how much money I need because it is relative.

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FT: You're right. So it sounds like the work really and getting closer to that answer of what is enough is first knowing who you are, what you value, what your goals are. Because if you don't have any sense of what is anchoring you, you can't put a price on that. You're just always looking over at someone else's life for – I'm aspirational too and I'm ambitious, but that is exhausting. When you feel like you don’t –

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RG: It is.

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FT: Have "enough" and you're always chasing. I said to my financial advisor when we first started working together years ago, she's like, "What do you really want, Farnoosh? What's your goal here?" I said, "Honestly, I want to not have to worry about money." It's not because I wanted her to make me a billionaire or work together towards making endless money. It was more that I wanted to feel like I had enough and then some, where I had enough to support what I could predict and then a little bit for the unpredictable. We hope that the unpredictable doesn't happen. But we, of course, all know that that's not – We have to always prepare for surprises. I don't think anyone ever says, "Man, I got too much money. I got too much money." No one ever says that, right?

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RG: Ever. I'm just going to add to that point. It's really knowing that you are enough. If you can get to the point where you are enough, then the money seems to follow because you will do all of the things that you need to do to make sure that you are okay, that your family is okay, that the things that you value in the world are supported by your efforts. So understanding all of that comes from within you and knowing you are enough. When you can figure out that you are enough, you'll figure out that you have enough.

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FT: I love that. Well, let's shift a little bit to younger investors. Cal asks, "How to teach my 13-year-old about investing. What's a healthy place to start?"

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RG: Again, the things that are important to the younger generation, have the money conversations, period. Education is key to having a solid financial foundation. It depends on your home and how you learn about money. I came from a home that we always had what we needed, but the truth of the matter is we probably would be considered on the lower echelon, right? I had to work for everything that I got. So starting to teach those work ethics.

My niece asked me for some money at some point when she was younger, and I remember saying to her, “Well, I don't have it.” She's like, “Well, just go to the thing and get it.” I’m trying to figure out well –

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FT: Go to the thing.

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RG: What thing are you talking about, when she was referencing the ATM machine because she had seen her parents drive up, just get money out. So I'm like, “Well, you can't just go to the thing and get it.”

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FT: It’s not wrong.

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RG: So having the conversation and started with basic savings. Maybe set them up on an allowance.

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FT: My kids are a lot younger than – They're not in their teens yet, but I think one of the things I would consider if there was interest, or if not, I'll just force them, is to learn about investing through – There's a lot of online, no stakes investing games, where you can pretend like you're investing in the Disney's and the McDonald's and all these companies that maybe they're more familiar with. I always say start with what you're familiar with, to at least play with some play money, like some Monopoly money, and play and learn that way. Learn about compounding. Learn about volatility. Learn about buying and holding and the benefits of that. So there's no real money. But, I mean, there's so many virtual simulations that can drive home a lot of these great principles for kids.

Now, I love real estate. The audience knows this. Bhavna writes about investing in real estate. Her question specifically is she wants to get into this alternative investment category. This isn't a home she wants to buy to live in, but she's looking to maybe buy a condo as an investment. Or, and this is a newer offering in the marketplace, you can contribute to a fund. Good Egg is one example where you're contributing small amounts of money. Smaller, I should say. Not small but smaller. Like I think you have to make at least a $25,000 investment in some of these marketplaces. Then the marketplace goes in – They've got properties that they are managing, and the collection of investors will then make a cut. So it's like a crowd funding for real estate, essentially. Everybody wins and loses at the same time. The benefit of that is like you're not a landlord. You don't have to pay a mortgage, find renters, and all of that. What do you think? What does this really come down to for the person who's trying to decide between these two things?

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RG: Again, it's relative, right? Not knowing the full situation of where she is, I would say the things to be considered are do you, first of all, have your basic emergency savings in place, that no matter what happens with this because it is a little bit more risky, that you have something to land on if this investment does not go well? So I would say the considerations that she can give to whether or not she does it individually, or whether or not she does it with the group is to, first of all, do the due diligence on the group. Ask for financial statements. Ask for information that gives her a real good idea that this is a sound company or these are a sound group of people that she is joining in with.

So do the due diligence, understand what it is, how you invest, and how you get your return, how long you got to wait to get your return. Understanding that before you make the investment. Then if she's got the basics in place or emergency savings in place or retirement is set and sound, there's just some steps I think you get to before you start talking about alternative investing. If she's done all of those things, then that may be a good way for her to go.

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FT: Right. I mean, really think long and hard about whether you want to be a landlord or not. That's a real thing. That's very different in either way you go. Last but not least, Rosalyn, annuities. I said earlier I don't invest in things I don't really understand. I have to say I don't really understand annuities all of the time, although I know they can be beneficial to some investors. I would love for you to give us the real quick on annuities and maybe the myths that you want to bust about them because there's a lot in the market about like, "Oh, they're expensive, and they're riddled with fees." I don't know. Tell me a little bit about why you're a fan, for some investors, why this could be a smart choice when it comes to investing.

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RG: An annuity is a contract with an insurance company or other company, financial institution, where they say, "If you give us X amount of dollars, which is known as a premium, so you pay this much to us. And what we will do from what you give us, based on what you give us, is we will guarantee you income for the rest of your life based on that premium." If you think about the fact that all of us are going to need income for as long as we live, we don't know how long we're going to live. We don't know – I am a fan of having whatever your necessities are perhaps, using a portion of your assets to make sure that you provide for those necessities that you know you're going to have. It offers guaranteed income. It hedges against that whole longevity risk because we don't know how long we're going to live. It provides a steady cash flow to you. Yes, you do pay fees for that. So there are some special considerations that need to be given when you start talking about annuity.

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FT: And it doesn't sound like this is something that anyone should do on their own. This is something that really needs to be – You need to put all the heads together on this one.

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RG: It's a conversation.

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FT: It is a conversation. Rosalyn, thank you so much for joining us. I want to say to everybody too, there's a really fun link. You can check out prudential.com/somoney, where we have more of our insights for you there. This concludes our month-long Prudential Women's History Month So Money series on Fridays. It's been really, really fun and insightful to sit down with such smart, intelligent women and talk about my favorite topic, money. So thank you for giving us a nice sendoff here, Rosalyn. It was a pleasure to meet you and wishing you continued success.

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RG: Thank you so much. I've enjoyed the conversation, and best wishes to you too, Farnoosh.

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