EPISODE 1350

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. It is April 29th and lots of big news to share this week. It was a huge week for my money team at CNET, as well as the entire CNET Company, which I'm going to get to in just a moment.

But first, I want to just say how nice it is to be back from a week of vacation. My husband and I and our kids got on an airplane for the first time in a long time and flew to the West Coast to see my parents. We dropped the kids off. The next day, Tim and I went down to Palm Springs, which we had never experienced. Lovely. Didn't realize that Coachella was happening as well. Although we got there kind of in the middle of things. A lot of the partying and concerts are happening on the weekends. So fortunately, we didn't run into the crowds.

It was actually kind of quiet. We went hiking. We went to the pool. We had some really good meals. We walked a lot, which living in the suburbs now is something that I have to actively remind myself to do. But when you're in a city, when you're downtown, it's nice. We walk like 10,000, 13,000 steps a day. On the flip side of that, I ate all of the food.

Speaking of food, is anybody watching this Bad Vegan docu-series on Netflix? It's four episodes. Not a huge commitment of time, which I like these days because I'm like, "What's a nice short, condensed, series that I can watch and get a lot out of? Bad Vegan, it tells the story of the Pure Food and Wine restaurant in New York City, which if you lived there or visited and went to this restaurant, you remember it probably as this really fancy experience and different experience. It was entirely raw food, vegan food. The founders, the co-founders, Sarma Melngailis and Matthew Kenney were the toast of the restaurant scene back in like – I don't know when this was. Like maybe 2010, 2012. They were beautiful. They had a book. They were on television. They were also the faces of this incredibly unique restaurant. It was featured on Sex and the City. Celebrities dined there.

But then everything went to hell. This documentary covers the downfall of not just the restaurant. But in particular, Sarma, this seemingly intelligent, accomplished woman who, as we learned in the documentary, she fell prey to a partner who was narcissistic, vindictive, deceitful. She called out his lies, but he continued to persuade her and specifically persuade her to give him a lot of money, her money, the restaurant's money. Over one and a half million dollars over the course of two years, she wired to him, and that she never got back.

Long story short, the restaurant shuts down because the employees at one point never got paid because there was all this stealing going on, and they walked out. The restaurant is no longer. Then Sarma and her then husband, Shane, they are on the run. They got caught in a hotel in Las Vegas. The tip to finding them was none other than a Domino's pizza order to their hotel room, which, for a vegan, is, as you know, like that's not what they eat. So she had really hit rock bottom in her life.

So the documentary sort of takes us through all of that, and Sarma is actually in it. She gives her side of the story. Her ex is not in it, although we hear from him because there was an impressive amount of recordings, phone recordings, video recordings. There are text messages, emails that he sent. So you do feel like he's in it, although he did not willingly participate.

I have one episode left. So far, my takeaways are that, again, like I said, how could somebody so intellectually intelligent fall prey to such a fraud? This is not a criticism to her, but it's just a fascination of mine and so much like how the brain works, right? It's like narcissists exist, and they prey on people. We've talked about it on the show sometimes in the context of being married to a narcissist, and that impacts your relationship, your finances. I couldn't help but also think how privileged she was, truly. I mean, she may not think that. She may think, "Oh, I was a victim. And how can you say that I had privilege? I was brainwashed?"

Well, what I'm talking about is the fact that she was this conventionally beautiful woman, white woman, culinary degree, a degree from Wharton. All of that prestige helped her arrive at this place where she was able to raise a lot of money for her restaurant, get a lot of attention. She had a lot of people depending on her, her employees. So when she threw it all away, essentially, under the guise of, "I'm being brainwashed by this guy," didn't she ever stop to think like, "How is this impacting my employees who were depending on me for an income?" When she didn't pay them for an entire month, she said, "Well, they should have expected that. I mean, I wasn't always consistent with paying them on time." I just thought to myself, "What? How can you – Where's the empathy there, right? Where's the logic?"

So I don't see her as a complete victim in this documentary, and I've got still one episode left. Apparently, she is not happy with how Netflix cast her in the end, as somebody who was maybe in on this a little bit or could have helped herself and chose not to. We'll never know for real, but it's just fascinating. I encourage you to watch it. I've been DMing with some listeners on Instagram on the side who I've been watching, and we've been chatting about it. So anyway, fun stuff.

Let's get to some news though. CNET Money has a fantastic new series just for you on how to make power money moves right now because we felt that in this day and age, at this point, with interest rates on the rise, with inflation being such a burden, with home values skyrocketing, which is great if you own a home, but what does that mean if you're trying to look for a home and using a home as a vehicle to build wealth? The traditional rules for building wealth are all in question. GDP slowed last quarter, which we now know. So there is increasing talk about entering a recession this year. I don't know. But it all begs a pause to reflect on all the things we've been taught about how to actually go about building wealth; going to college, working a secure job, living below your means, investing the rest. A lot of us tried to do that, and it blew up in our faces.

So with that background, my team at CNET Money has been digging around for the like past few months to bring a collection of new stories with new ideas, innovative solutions, to help us navigate this weird time. Also maybe rewrite some of these rules for ourselves as far as what does wealth mean. What does it mean to reach for financial independence? So whether you're curious about crypto, you want advice on how to invest in this current market, you want help picking the right credit card, you want to earn more in 2022, we've got all of those stories rolling out over the course of yesterday, today, the next few days. I encourage you to go to CNET. I'll put the link in our show notes, and you go directly to the stories.

I wrote about Jannese Torres-Rodriguez, who you may recall was on this podcast. She's the Founder of Yo Quiero Dinero podcast and has a huge online community, helping people with their finances. But she is that person who did all of the prescriptive things. Went to college, got a great secure job in engineering, bought a home. It did not work out. It did not work out for her, and she was forced to reroute her financial plan. It's a good one now. So I encourage you to check it out.

This power money moves package rolled out in conjunction with CNET's rebrand. We have a new logo, and that's not the only change. We have a new identity, a new site design, lots of cool features. This all happened this week. It's very exciting. We'd love for you to check it out. When I joined the company last summer, it was already on its way to expanding beyond technology. But now, with this rebrand, CNET is further solidifying its commitment to a renewed purpose, expanded coverage. We're ushering in a new era. So for me, it's an exciting time to be a part of the team.

But I think, really, this was done in service of our audience. So if you've been a CNET fan for the last 25 years, can you believe it, or even just the last year, we thank you, and we hope that this rebrand will continue to be in service have you, the information that you need, the analysis that you need to make the best decisions in our changing world.

Before we get to the mailbag, let's pick our reviewer of the week. Thank you for the recent reviews, everybody. I really appreciate the time he took to talk a little bit about why you liked the show. We're going to say thank you to NPR Eric who wrote a review on April 20th. "So Money is so good," Eric says. He started listening to the show about six months ago, and he says, "I enjoy many personal finance podcasts. I appreciate how many of Farnoosh's topics and guests come from underrepresented groups in the financial space. I'm very interested in financial independence and also teaching those values to the next generation, including my nine-year-old."

So, Eric, thank you so much. Your view got a little cut off here on the Apple Podcasts' website. But I think you had more to say. Would love to connect with you, and thank you for your generosity. You can DM me on Instagram. You can email me, farnoosh@somoneypodcast.com. Let me know you are the NPR Eric that left this kind review. I'll follow up with a link where you can pick a time for us to chat.

All right, let's hit the mailbag. This question comes from our friend, Christina, in the audience. She Instagrammed me. Wrote, "Hey, Farnoosh, my boyfriend and I just put an offer in on a place. So the plan is for me now to pay him rent. I'm going to invest my money elsewhere. I'm not worried about him buying the place on his own." Great. "I'm considering how we plan for items like furniture, which could be a lot of money, fixing up the house, and my personal move. I'd like to plan to do a mix of some Facebook marketplace purchases, maybe investing in some nicer furniture. I'm sure we'll have to work through different needs versus wants, as well as quality preference. Any tips or considerations would be much appreciated." Sure thing, Christina.

Bottom line for Christina, she's moving in with her partner. He's buying a home. She's going to pay him rent. But together, they're going to decide on things like furniture and decor. So what's my advice? Here's my advice. I mean, if you're starting from scratch, you're both coming into an empty home with nothing, you're going to have to obviously contribute together in buying things. Having an agreement in place, something in writing that outlines, "Here's the budget for our furniture. We're going to split it in this way." You could do 50-50 if that feels right. Or maybe if one person makes significantly more than the other, you do like a 70-30 split.

You also want to figure out who's going to keep this furniture in the event of a breakup. If there's a piece of furniture that you really, really love and you want to always own, then that might be something that you fully pay for yourself. If there's stuff that you're bringing in, obviously, from your own previous life, something that you fully paid for, that obviously goes to you in the event of a breakup. But if you're buying something new together, it depends on the relationship and the couple, right? I mean, some people just don't have an attachment to furniture, and they're not going to care when you break up like who's going to get the couch. But it's always helpful to have that prenup. I know you're not married. But couples who live together should also have a plan in place for what would happen to shared items that they both contributed to financially in the event that you split.

I love the idea of going through Facebook Marketplace. It's better for the environment. It's more sustainable. There's a lot of great stuff on Facebook Marketplace. The other thing too is with supply chain disruptions and COVID disruptions and things not coming over from China because of their lockdowns in some parts of China, you may not get your furniture deliveries very quickly. You're going to have to probably wait a long time. So if you want stuff earlier, sooner, then better to go with the resale market. All right, thanks for your question, and good luck with the move.

Christina in the audience had a similar question, and I hope that that helps her as well. She's moving in with her boyfriend. A lot of people moving in together. Romance is in the air. Her question was specifically planning to move from Colorado to Portland to live with my long distance boyfriend. How should we consider the cost of moving cities and buying new furniture together when we aren't married or planning on a joint account at this point? Her job is remote, so she's not going to have to get a new job.

Maybe one thing that I didn't answer in the previous question that would be helpful to you, you're wondering, Christina, more specifically about moving costs. Since you're the one moving to your boyfriend's city, would he consider splitting the cost with you? I mean, that will be kind of cool. This move will benefit him as well. You come and live with him. It will make him happier. So if this is something that you think is important to you in terms of just your relationship and how you will be managing money and thinking about money in the relationship, bring it up. I think it's totally valid to say, "Hey, would you mind splitting this cost with me?"

Julie has a question piggybacking on a episode recently about how to buy art and how to sell art. She says, "I got married. We are combining items from two households. Do you have a site to recommend where I could sell second hand art? The thing is these are things that I purchased from local artists or from a local well known art fair. I don't have certificates of authentication for the pieces. I guess I can find the artist’s name and information online. They range from $150 to $1,000, at least when I bought them, and I paid for high-quality framing. Any suggestions would be welcome."

One thing you could explore is, one, artbrokerage.com, which is exactly what it sounds like. It brokers art pieces online. You submit your pieces. You give as much description as you can. They often – Do you want certificates of authentication but not always? You could try that.

There's also eBay. The other thing I might suggest is wherever you purchase these pieces of art, if you know, if you remember the vendor, the art fair, the person, the artist, call them. Email them and say, "Hey, I loved this piece of art. It's no longer something that we want to keep, but we wanted to come to you and see if you wanted to buy it back." Sometimes, they do.

I actually reached out to a gallery owner where I bought a piece of art many years ago. Before I was about to post it online to sell, I asked him. I said, "Do you want it?" He said, "Well, we don't handle this artist anymore. Otherwise, yes." He's actually suggested Art Brokerage and eBay. Ask around friends and family. I ended up selling that piece of art to a second cousin who loved it. Came and saw it in our house who said, "Oh, this is so cool." I said, "Well, do you want it? Because I've got it on the market." I gave her, obviously, friends and family discount. But I would also leverage your online community of friends and family and posting it there because you never know. Art is unique and speaks to people differently. You might find someone in your family or friends that will absolutely take it off your hands.

Okay, next question from Amanda who is getting married. Again, love is in the air. She just got engaged, is wedding planning, and will want to take out a loan to pay for wedding expenses. She's says, "I want to try to pay as much as possible in cash and use the loan to pay the difference. My fiancé thinks we should just take out a loan for the full amount and invest the money we would save instead." They're planning on saving about $1,000 or more a month for this wedding. It's just going to be over the next few years. Would love my thoughts.

All right. So, Amanda, I see here that you follow both me and Money with Katie, who was on this podcast on Monday, Katie Gatti. She is the host of Money with Katie, in partnership with Morning Brew. Super popular podcast and financial influencer. Check her out. We had a really good conversation about how she thinks about money and how it's anchored in fear. God, I love it. So if you know Katie and you know me, you probably know that we're not big fans of financing something like a wedding. Right now, interest rates are going up. So I'm not sure what kind of a nice rate you would even get for a loan to pay for a wedding, especially if it's not for the next three years. Interest rates, I think, are only going to be higher over the next year or two. If you can save up for this save up for this, save up for this.

We've done episodes on weddings before. Having gone through it myself, I can tell you that this wedding industrial complex, there's a premium for everything. They will try to convince you to spend on all these little things that cost so much money, that's going to make your day so perfect, and you end up spending a lot more than you anticipated. My fear is that if you take out a loan, you will use up all of this loan, and it will seem painless to pay for these things because you've got this credit. You're not going to have to pay it back right away. If you were using your cash, you would be more critical and you'd be more thoughtful about every single purchase because it is coming out of your pocket today.

I don't want you to arrive into a marriage with debt. If you're not getting married for the next three years, could you put this money into something like an I Bond, which is earning quite a bit right now? I Bonds, I've talked about them before on the show. They're great for purchases and savings goals that you don't want to hit for the next three to five, six years. The interest rate aligns with inflation. Whereas if you put your money in a bank account right now earning nothing percent with inflation where it is, in three years, it's probably not going to earn you as much. It's not going to buy you as much. I think the current I Bond rate is something like 7%. So look at the I Bond market. Go to treasurydirect.gov. Look into it. This could be a place to put your savings as you build up towards this wedding and earn interest, really good interest, and then take it out for your wedding. You can't touch this money for the first year, just you know, in an I Bond. So if you do need this money sooner than later, just keep that in mind.

So I'm not going to encourage you to take out debt for this wedding. Try to do it on your own. If you need to spend more, talk to family about contributing. A lot of couples these days want to do it fully on their own. But family, sometimes, they want to contribute. It's something that they really do want to do. It makes them feel good. So if it makes them feel good, and they have the money, use that money. Don't take out the debt and be indebted at the beginning of your marriage. It's not fun. Congratulations. Thanks so much for listening to the show. Thanks for your question, and good luck with your planning.

Last but not least, Bianca writes in, and she says, "Hey, Farnoosh. I just got a new job. Pay is significantly more than I am used to. My past salary was around 200, and my total comp for the new job as closer to 500. I own a house with my husband who earns about 400,000 a year. We live in the Bay Area. We have about 900,000 left on the mortgage. We have an emergency fund and a high-interest rate savings account. We max out our 401 (k). We've got the HSA. We invest in the stock market. All of that is set."

So now the question she asks is, "What next? How to wrap my head around what to do with this extra income? If you have all of your normal financial bases covered, what do you do next with your money? I want to be smart about it and not waste it. I'm a little worried about the stock market. The real estate market seems crazy. So what to do next doesn't seem obvious."

All right, Bianca, firstly, congratulations on more than doubling your salary. Your total compensation is now half a million dollars. Fantastic. You've made all these great steps. You have savings. You're contributing to retirement. You have the HSA, health savings account. You're investing. So the question now, of course, is what to do next. It's a good problem to have, I suppose. But this does require some planning. The questions that you and your husband want to answer are the following. Where do we see ourselves in the next year, in the next five years? How do we want to make our lives easier? What does being rich and feeling rich mean to us? What are some investments that we want to make that are beyond these sort of financial investments like the stock market and real estate? But are there investments in our lives, in our lifestyle, in our education? Creating less stress in our lives, can we do that with our money that we – Things that we've wanted to do but we haven't been doing because we've been so focused on more of these traditional things like retirement savings and rainy day account, which are all very important and foundational.

But I think now you're looking at layering on to that. As part of that exercise, as part of that journey, it really requires thinking about what you want. This is a good exercise. I encourage you to get together with your partner and start to map this out. It might be helpful to also work with a financial planner at this point, not again because you need any advice on how to get your retirement account set up. But a planner can also be a great third-party objective sounding board to help guide you towards these bigger goals that you don't even know about.

An advisor can tell you what's possible. What are your big hopes and dreams? Do you want to retire early? Do you want to have a second property? Do you want to become work-optional at some point? So maybe in 10 years, you don't have to work if you don't want to. What do you have to do to get there? Reverse engineering. We talked about that on the show. In the meantime, save your money. There's no regret. You're not going to look back in a year and go, "Oh, I shouldn't save that money. I wish I'd done something with it." Save your money, and then use the next six months, the next year, to really map out a specific plan.

I would recommend also following some financial experts like Ramit Sethi, who does a lot of work and gives a lot of counsel in this space of defining your rich life. He and I are buds. He's been on the show many times. You can listen to our podcast conversations. But do check out his work if you haven't because this is exactly, I think, where his sweet spot is, is helping his followers build that rich life, as you and your husband are doing. But this is advanced level personal finance. This is a good problem to have. Keep coming back with questions as you work through some of these ideas. I would love to hear where you're at and how I may be able to help you going forward.

All right, Bianca, thanks so much. What a great question to end our show on. You're living the dream. This is the goal, to arrive at a place where you have options. You might not know what you want to do or what the options are yet, but you can define those options now. That's a great place to be in. It's a little overwhelming in the beginning, but you will figure it out. You will absolutely figure it out.

Thanks for all your questions, everybody. I'll see you back here on Monday with a fresh episode, and I hope your weekend is So Money.

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