

EPISODE 1361

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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 1361, audience week continues. Taking the hot seat today, Lauren Hatchet. The big question, how do we afford our move to New York City?

***LH:** I am lost as to how we can prepare besides saving and getting the job that I need and that. But aside from that, how can we prepare?"*

[INTRO]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi, feeling better today. I'm on day, what is it now, seven, eight of COVID, and this is a very strange virus. I know I'm a little bit late to this. I was very lucky for two and a half years. I didn't get it. But here we are. I've had a sore throat before. I've had runny noses before. I've felt tired before. But this is definitely the sickest I've been in two and a half years, and it is all the symptoms all the time. Some days no symptoms, except just tiredness. Then one day, I wake up and I can't smell anything. So it's a surprise every day. COVID definitely keeps you guessing. But the one trend is that it does get a little bit easier every single day. Your energy does improve every single day, at least in my case, and so very grateful for that.

I'm continuing to spotlight our audience members on the podcast this week. Today, we're speaking with Lauren Hatchet. She's in her 20s. She is a school teacher living in the South currently and planning a big move to New York City with her husband. It's a longtime dream of theirs. But as you can imagine, they're worried about the cost of living and affording rent and food and all of the extras that come with living in the most expensive city in the country. I have a few pointers, mostly based on my own personal experience of living there for almost 20 years. Here's Lauren Hatchet.

[INTERVIEW]

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FT: Lauren Hatchet, welcome to So Money.

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LH: Thank you, Farnoosh. I'm so excited to be here.

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FT: Well, this is probably not something you were expecting. You leave a review. I pick you. I say we're going to have a private 15-minute consult. Oh, by the way, can we actually make it a show? You are so flexible and game. I just want to say thank you for being cool with this.

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LH: It was so surprising and so exciting. I was thrilled.

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FT: Well, first of all, how you even discovered So Money, and then what for you has the show meant or helped in any way?

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LH: Sure. So I have been listening to a lot of financial podcasts for the last couple of years, increasingly picking up finance books and just trying to learn as much information as I can about investing and saving and living a lifestyle that I'd like to live. I happened upon you that way, just from hearing you be recommended by other podcasters and other people in the finance world. The show has been excellent for opening my eyes to a lot of different ways to step into investing and grow my family's finances and manage them well.

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FT: Well, we're honored to have you in the audience. Speaking of getting out there, stepping up, you and your husband are planning to move to New York City, voluntarily. This was not led by any – You weren't forced to do this. It was just something that you've always both wanted to do. The opportunity seemed to open up. So this is where we're going to spend a lot of our time talking because as you probably know, I lived in New York for like 19 years. I came to New York right out of college, and the rest is history.

My philosophy around New York City living and then working in New York, it hasn't really changed much. I wouldn't say the pandemic – I mean, the pandemic has changed the calculus a little bit. But in general, if you want to live in New York City, and you can make it “work,” even if you just do it for a year or two years, I encourage it. I just think it's like if someone said to me, “I got a job opportunity in Paris. Should I take it,” yes. Maybe you're going to be eating croissants for like a year because it's like all you can afford, but it's Paris.

New York, to me, maybe I'm biased. It has that invaluable aspect to it that you can't really put a price tag on it. It may be a struggle while you're there, but will you regret it? Not so sure. But it's important that if it is becoming a real impediment to your ability to like ultimately build wealth and get out there, I mean, you need to leave. After 19 years, we can talk about this later in the show, it kind of for us became this diminishing returns situation. I think that's important to be open to that and not be – I was very reluctant to leave New York because I wanted to live it up and do the thing that I promised myself. When I got there, I was like, “I'm here. I'm going to stick it out. I'm going to in it to win it.” But at some point, you have to be realistic.

So all this to say I'm excited for you, and maybe you could start by telling us a little bit about what prompted this move. You and your husband are living currently in Kentucky, and so this is going to be quite the move. What's prompting it?

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LH: Yeah. We have visited New York for quite a few years. I think the first time I went, I was just a teenager, 16, and really fell in love with the city. Then later on, as we got to know each other and we started traveling, New York was a place that we constantly came back to and really enjoyed visiting. Kind of like you said, there is nowhere like it. No city looks like that or feels like the way New York does. So we just have decided after a lot of thinking about it and a lot of planning and a lot of considering, maybe we just need to move to another city that's not quite New York and New York way of living. Maybe we can do something that makes more financial sense.

We considered a lot of places and a lot of options, and kept coming back to New York. But like you said, we also understand and can see where people decide at some point that if it's impeding on your financial goals, it would be hard to stay there for the long-term, but we can't pass up the opportunity to come at least try it out.

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FT: I think what's interesting, Lauren, is that while you're going to go there, and your plans are to find a teaching job as you're a teacher, which shouldn't be I don't think very difficult, your husband is going to come with his job that is not New York-based. He's going to work remotely. Is he prepared for working from home in New York City? I feel like part of the New York experience is to get out there and go to work. Then your apartment becomes just this place where you shower and eat a bagel. It's not this 24/7 place. I know he's going to get out there and experience New York, but how does he feel about that?

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LH: I think he's nervous to be – We're going from even the townhome that we live in right now, it's not huge. But we're going to be downsizing significantly, and he's going to spend a lot of time in that space. I think he's hanging on to the belief, knowing that he's going to be getting out and enjoying New York as much as he can when he's not working. His job is really flexible and involves a lot of travel anyways. So that will help him get out and about. But, of course, ultimately, he would love to find a New York-based job to transition to.

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FT: You're both still in your 20s?

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LH: Yes, yes. Well, he just turned 30 this year, and I am 26.

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FT: So Lauren, tell me what you imagined to be your ideal experience living in New York. I mean, you have all these aspirations. Best-case scenario, you move there, and how does it work out?

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LH: Yeah, great question. So I don't think we can lose sight of where our goals are always going to be to be able to save and invest as much as possible. So ideally, we would love to see ourselves living in New York and still being able to maintain the level of investing that we are right now.

Aside from that, I would love to be teaching in a school. Right now, I work in a Title 1, I guess you could call it, inner city elementary school. I love it. That is why I got into teaching. I wanted to work with that demographic. I would love to find a similar demographic to work with in New York when I teach summer school in – I have taught summer school in New York City and also worked with a low-income population. I would love to continue that when I'm working full-time there.

As far as the city itself, we are so excited to like go over cars, to rely on public transportation. I would love to just have weekends exploring New York City, taking in all the food it has to offer, all the different events that happen constantly. I mean, every time I'm in New York, there's something that I did not plan to attend that comes up and I just happen upon, and that is a gift of out of New York.

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FT: Yeah. All right, so hit me up. What do you want to know? I'm the woman who moved there with \$30,000 worth of debt, making \$18 an hour before taxes. I live with a married couple on the Upper West Side and their cat, in my own bedroom, in a pre-war rent-controlled apartment, and this was pre-recession. So I was lucky to like get the job. There were also as we were – If you were maybe – I don't know if you were too little to remember, but you probably saw the headlines later growing up. You read about it in history books that people were getting mortgages left and right.

What happened was I ended up – My father said to me, “You should buy something in New York.” I was like, “Dad, have you seen my tax return. Like this is not going to happen.” He goes, “Well, we have all this equity in our home. So why don't – What if I take out some of that equity, I give you the cash to go buy a studio, and then you take out a HELOC against that studio. You pay us back, essentially. And then you're paying this HELOC,” which I then refinanced into a mortgage. It literally took no time for all that transacting in 2003, 2004.

I remember going to Washington Mutual, and I showed my ID. I signed some papers, and I suddenly had a HELOC. Then I refinanced it a couple months later. So it was a different time for me for sure. But New York is – The disparity between what you're making and how much the cost of living is, has only I think exacerbated. So I feel like I learned along the way. I wrote a book about it, *You're So Money: Live Rich, Even When You're Not*. That was inspired by my and my friends' New York City experiences. But what are the questions you keep coming back to as you prepare for this move?

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LH: I keep coming back to how we can prepare. We've done every – I've done everything I know to do to prepare. I've saved as much as possible, have secured as much here. Owning a home here was – It would have been hard for me to move. Having not owned a home, I feel good about having a home and allowing this to continue being an investment, hopefully, for a

long time to come. So I feel secure in that way, but I am lost as to how we can prepare besides saving and getting the job that I need and that. But aside from that, how can we prepare?

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FT: Well, I'm glad to hear that you have savings. How much tangibly do you have? So if you come to New York and you don't get that teaching job right away, I know you're going to be able to get something in the summer. But then to apply for a full time role, that's still an uncertainty. So with the savings that you and your husband have, how long will that support you if you're not bringing any income, you are not bringing in any income?

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LH: Yeah. We could support ourselves for a little over three months. We don't have six to nine months, which I know is often what's recommended, but we have three months' worth of living expenses up there prepared if we need it.

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FT: Okay. Have you looked at housing? Housing is going to be your biggest expense. Rent's only gotten more expensive in New York City. I know that you're looking at some sub leases. Subleases are also harder to find. There are some sites like leasebreaker.com is one. Then if you have any friends that are in any university or college in the New York City area, do you have any teacher friends?

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LH: Somewhat, yes. Some connection.

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FT: Okay. Like ask around. I say this because this may or may not still apply, but I have a feeling it still does. Because people are still moving to New York as students, I need some place to live.

But there's often times when you go to a university as a student or a grad student, you will get access to what's called like an off-campus housing website. It's not exclusive to students, but the people who are renting want studious people, and sometimes they're for short-term. They're kind of like behind this username password that if you can find somebody that has the keys to that, sometimes you can find some listings that you wouldn't find anywhere else.

That's how I was actually able to find lease in a rent controlled apartment. It was through Columbia's off-campus housing website. So anyway, there's all these like behind the scenes things that sometimes just helps to know an insider to guide you. Giving you what you earn, what your husband earns, have you looked at listings to see, okay, we can afford something that is at most, I'm going to give you a little bit more leeway here because you're in New York City, 40% of our take home pay.

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LH: Okay. So that's really interesting. That's a great idea, and I'll look into that about the university off-campus housing. So we've been basing it off of like – What we're finding as the typical recommendation is to make 40 times rent. So we're taking what we think and dividing it by 40. It is so hard to know. It's one of the questions I wanted to ask you is just is that reasonable.

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FT: Let's just do the math. So 40 times rent usually means that – Let's say the rent is – I'm just going to use small numbers, because it's easier math. This is not to say this is what it will cost in New York. It'll probably be nowhere near this, but let's say \$2,000 a month. 40 times that is what they're talking about, is what you need to be making annually, so \$80,000.

If we go back to the traditional budget, which is that you don't want to spend more than 30 to 40 percent. I'm talking New York City here because New York City is just so expensive. It's not uncommon. Not to say that you should do this, but I have seen. I've witnessed with my own eyes people paying half every other paycheck going to rent, crazy. So if we were to use this 40x

equation that many landlords will want to see on your application, that essentially comes down to 30% of your gross income, which is what the finance books recommend.

It's just another way, I guess, to say that we want to make sure that what you're earning can comfortably cover this rent. Whether they say 30% or 40 times the monthly is more or less, it comes out to be the same. What do you think about that?

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LH: That is pretty comparable to our living expenses here. We bought in a high cost area in our city, so that isn't significantly different. But there's also other costs, where there's a lot of tradeoffs with moving from a small city that you drive a car around, versus a city where you have totally different transportation and totally different cost of living area and all the other areas.

We feel comfortable with that here. We're just hoping that that translates there. We're looking at slightly below that. So we're looking at places that are less than. Our income will be over 40 times higher than the rent. But still, there's a lot of uncertainty.

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FT: Yeah. Let's stick with this rent calculus for a little bit longer because I think this is the part where if you can be really strategic about this, it will make so many other expenses less of a weight, and you can include more in your budget. Now, have you looked at outside Manhattan? I will say the best place on Manhattan Island to live in terms of cheapest rent and also where you're feeling somewhat safe, I would say Upper East Side. Funny enough, Upper Upper East Side. Like I would say between the '80s and the '90s on the Upper East Side, the Upper East Side is a lot wider than the Upper West Side.

When you live on the Upper East Side, especially when you get closer to the water, you're further away from public transportation. So those apartments will usually go for a discount because you have to walk more to get to the subway. But now, there's Citi Bike, and there's Crosstown buses. I miss getting my steps in, to be honest. So it wouldn't be a bother to me. Of

course, if it's a walk up versus an elevator apartment you're going to get, you're going to see a price difference there.

But the Upper East Side, as well as Upper Upper West Side, so when you're getting closer to the Columbia area, Harlem and then – Well, it used to be that Brooklyn was where you went to save. But I can tell you that that is not true any longer. The more south you go into Brooklyn, of course, the further away, basically, you get from Manhattan, the cheaper rent becomes. I would not be opposed to looking at some of these out skirted areas. Also, Long Island City is really pretty and accessible to the city with relatively lower rents. Are you looking at a particular region?

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LH: We are not at all opposed to outside of Manhattan. I just in most I know Manhattan the best and only a small part of Brooklyn. But my understanding is plenty parts of Brooklyn are also skyrocketing in price. So the Upper East Side, kind of like you said, I've been finding a lot around there. I really love the Upper West Side. But you pay the same amount and go north just a little bit, and all of a sudden you have a washer and a dryer and dishwasher and things that I really don't need, and I'm not insistent on having. But it just seems a little bit further you go up, the more all of a sudden there are these amenities. But definitely, I'm looking specifically in those neighborhoods. We'd like to be up there rather than lower.

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FT: Yeah. To your point, you can get maybe more bang for your buck. It's not just cheaper, but it's also you get more space. You might get some amenities, where if your husband is working from home a lot of the days, that will go a very long way. I would also look into Jersey City and Hoboken, which they – Because the transportation to the city is there. You can take the path. It's really easy. Those areas of Jersey are right outside of the island of Manhattan and very accessible. They've got their own great little downtowns and neighborhoods and all of that. They're super up and coming. I mean, they're not even coming. Like they've arrived. It's all there. I have many friends who live there, and they're very happy. Do you think this is going to be a long-term move for you both?

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LH: It's hard for me to say it's going to be long term for sure because I think I'm a pretty play it safe person. So even moving in the first place feels like a big, big step. I think I'm going into it knowing however it works out, it works out. If it works for a year, that's great. But I know that we love it there. If it works for five years or longer, then that is great too. It's hard for me to imagine raising a family there, and I do want a family eventually. So that is – We'll just have to see. I can change but I can't imagine childcare in New York City.

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LH: It's very expensive. I have to say, I really admire your mindset around this. I think it's going to be really helpful to be flexible and open-minded and say, “Look, this is an adventure. We know what we're up against. We are aware of the fact that New York is expensive. We know that we have our goals that are nonnegotiables. We want to invest. We want to save. We don't want to be irresponsible. But this is something that we've both wanted to do.”

I applaud you both for committing to this plan and going for it, even knowing that there are some things that you just don't have answers to, but you're doing your due diligence. You're saving. You're doing the research. You have a plan. Plans can go to scrap, but I think you both sound very resourceful and level-headed. That's going to go a very long way living in New York because there are a lot of temptations.

I will say that after rent, the next two budgetary line items that seem to eat up a lot of people's budgets in New York is transportation, ironically, and food. So, yes, you don't need cars in New York. But it's very easy to get into the Uber cab ride share ecosystem. I was just starting – I have COVID, and I've been watching a lot of TV. So I've watched all of, what are they, miniseries about the companies, where the CEOs that had to step down, whether it was WeCrashed or The Dropout.

Now, I started watching the Uber one with Travis Kalanick. He said that after two rides, people are – They're the Uber lifers. So just be careful because I would – Just start to watch your

patterns. When you move to New York, obviously, you're going to just have to get acclimated. I'm not saying like go cold turkey on anything, but just be very, very conscious of this sort of stuff. Like there was one year where I looked at my annual spend on my Amex, and I realized that Seamless, which everywhere else you live, it's Grubhub, but in New York it's Seamless, they're the same company, was taking up so much of my money, like so much my money.

We could afford it. It wasn't like we were doing that at the expense of our retirement accounts, or we were late paying our mortgage. But it just frustrated me because I thought why, what is going on. It just got to a point where it was like this lifestyle creep, as they say, and you realize like even if I just made a prepared meal twice a week, or if I got those meal boxes that come to your house, I don't even have to prep, I just get the ingredients, that can save me easily \$100 a week, even after I've spent on this prep plan, this delivery kit.

It wouldn't have happened had I not just taken a minute to look at my patterns and how I was spending. Again, it wasn't because we had even noticed it. I just looked and was shocked at how reliant we'd become on these convenient services. So when you live in New York, there was an article in The New York Times I'll never forget. It was like you can live in your apartment in New York. Never step outside your apartment and have literally the world delivered to your doorstep, anything you want.

Especially in New York, where it's the city that never sleeps, you can go get a hot dog at four in the morning. You could – I remember, I was nursing my daughter in the middle of the night. She had just been born, and she was not sleeping. It was many, many weeks. She just was nocturnal. She just wouldn't sleep at night. I had a son at that point too and I was – I remember going out my mind, and I remember thinking, “This is New York. I am at my wit's end. I am going to find a solution.” Because it's New York, I know I can just go on the Internet. Type in New York City baby won't sleep help. That following night, I had a woman in my house who was –

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LH: That's amazing.

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FT: I had already vetted her. We had gone through all her read references, all within the day. So those sort of things about New York I love that there's solutions everywhere, but they come at a cost. So you just have to be – It's a watch yourself. You have to catch yourself when you're spending on things because they're so easy to do. It's so easy. There's also a saying that as soon as you leave your apartment, it's a \$20 tax.

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LH: I've heard that word about New York. Yeah, that is – I can see that.

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FT: From your apartment to walking to the subway station entrance, you may have spent \$20, and you don't even know how. So don't keep any cash in your wallet, and don't put in your credit cards in your phone. But, no, seriously, just I think having a consciousness. This is just me giving you the foresight and saying here's what to look out for.

The little things really do add up in New York. They really, really do. I'm not really the big financial expert on cutting all the little things. But even if you cut back 20%, you're going to save a lot, like I did with the food service, with the meal delivery plans, like just saving that little bit. Who doesn't want an extra \$500 back in their pocket? You haven't really cut out anything significant. You've just shifted your habits.

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LH: Yeah. I do think that that is where – At least for low or we're not in a high-earning position right now in our careers. So budgeting is still very important for us and tracking basically every dollar. I will be so excited someday when we're away from that. But at least for this season of life and with a move like this, tracking what we're spending has been very important because it is so easy to creep up with. As lifestyle changes a little bit, the only thing I want to change is savings and investing. I'd rather our lifestyle stays the same.

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FT: To the extent that you can automate your savings and your investments, which I'm sure you're already doing, but stick with that because that's, for me, been how I budget. I automatically contribute to all of the important things that are the non-negotiables that I don't want to compromise. Obviously, there are moments where you might shut them off because you lose your job, or you go through a transitional period. But for the most part, if you can automate the stuff, whatever's left in that bank account at the end of the month, you can spend with less worry that it's going to come at the expense of something that might take a higher priority on your financial to do lists. You're not juggling. You're really prioritizing in a way automatically. That, for me, in York was always really helpful.

I will say too that I had side hustles. Now, I don't know if you both have the time or the interest. But New York, again, as I said, it's a city that doesn't sleep. There are someone who will pay for something all the time. There's a lot of rich people in New York who will pay for fancy tutors. I would actually. One of the things I wanted to bring up with you, and I don't know if you wanted to tutor, I think could be very easy to do, given what you do, given where you're going to be. Have you thought about that?

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LH: Yes. I've been submitting some applications for that, and I've actually already interviewed. Well, my nine-to-five job, I love to be working with a specific population. Extra work would be great with anybody that's able to pay for tutoring services. So I have been looking into that and pursuing that. So hopefully, I can do that as soon as we get there this summer.

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FT: Yeah. With any of these additional income streams that you or your husband bring in, I find that it's really helpful to give them a job. Like this is the job that I'm going to do for this goal, so maybe not give it a job, but assign it a goal. Assign it a purpose so that it's very deliberate, and you do feel like you are directly contributing to something that you can see. They can get

excited for. Even if it is just next year we want to get a bigger apartment, or we want to start eating out more.

I mean, I babysat in my 20s. I had a master's degree and I still babysat because I was single. It was great. I like kids, and it was an opportunity to work, make extra money. Then when the kids went to bed, I had another three hours where I could be on the Internet and work and still feel like I was investing in myself and not just like playing choo choo trains with kids for like four hours. But I would make a quick 80 bucks, and then my dinner was paid for, and then my transportation was paid for.

For me, it was a no-brainer, and that was the money that I used to then that weekend go out and have fun without feeling like I was compromising my financial goals, my bigger financial goals. So it's important to have that fun money too. You don't have to always be working towards the very responsible things. I mean, you're in New York. Enjoy it.

One last thing I'll say about being in New York, as a teacher too, you get a lot of discounts. You should also – You and your husband should sign up. There's actually a New York City ID card that anyone can get. You just have to have an address. It essentially gets you free entrance to a lot of the city's attractions, museums. Not many people know about it. I've talked about it on Good Morning America, and all the hosts were like on their phones, “I've been living in the city for 35 years. I had no idea.”

I'm like, “Listen, you guys can support your local museums. Okay?” Don't – This is for people who are newcomers, who are on a budget. Yeah, it exists. Get out there. Make friends. The best investment of your time in New York City is getting out there and getting to know other people like you. You're going to be able to leave one day but not really because you can take New York with you. You have all of those relationships.

That is – For me, it was 100% worth it, just for that reason alone, to have made the relationships that I did, the experiences that I had in New York City that were unmatched with these people and who I've become friends for life. You will make friends all the time in all the – New York, we get a bad rep sometimes, like we're tunnel vision. We don't say hi to our neighbors. But I think we're all ambitious. We all value the important like relationships in your work, when you go to

parties. People are social. I think you'll find your people. That will be an unexpected thing, but it'll be the most important thing in some ways.

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LH: Yeah. That's amazing. That's great advice. Definitely, people make a place. A place can be really special, but the people matter too.

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FT: Yeah. If you want a low-cost way to hang around the city, just put on some sneakers and start walking. New York is full of good people watching. My husband and I, once we – One of our favorite days in New York was just like running bikes and going. It was an all-day thing, going around the island and stopping at different parks and getting a hot dog and this and that. Our butts were very sore the next day, but there's so much free fun in New York. The city itself, it just breeds excitement and intrigue. You don't have to go to New York's hottest club.

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LH: Absolutely. I couldn't agree more. That's been my experience in New York, and that's why I'm so excited to be there.

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FT: You're going to be awesome. So any parting questions for me?

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LH: I think you've answered them. We're going to continue to save. Sometimes, it starts to feel crazy how much we're putting into savings and not investing. But we're continuing to lean into knowing that the emergency savings at least right now needs to be beefed up more than probably continuing to invest. Still investing. Just it's harder to cut back, but that's an important part of making this happen.

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FT: New York is where you learn tradeoffs the best. Really, it is. I have a lot hope for you, and I wish you both all the success. Keep in touch. Let me know how it goes.

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LH: Thank you, Farnoosh. Thank you.

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FT: I'm very curious. I'm very – I'm rooting for you.

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LH: Thank you.

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FT: Thanks so much to Lauren for joining us. What a good sport. If you have money questions for me, you know every Friday I answer your financial questions. You can email me, farnoosh@somoneypodcast.com. You can go to Instagram and leave me a direct message there, and I hope to hear from you. Thanks for tuning in, everybody, and I hope your day is So Money.

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